

**CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
MOBILEHOME PARK RESIDENT OWNERSHIP PROGRAM (MPROP)
DECEMBER 2004 APPLICATION FORM**

I. APPLICATION INFORMATION

General Information:

All sections of this application, including attachments, must be complete and accurate. Sections of the application that require an attachment of documentation are marked with ➔. If you have questions about the application or need technical assistance, please contact program staff by mail, telephone (916) 445-0110, fax (916) 327-5942, or e-mail multifamilyhousingsection@hcd.ca.gov.

A. Submittal Instructions: Please see the Request for Proposals for the application submittal deadline. Applications received by the Department after the deadline will be returned to the applicant as not eligible for consideration.

1. Submit one original application and one copy.
2. Both the application and copy should be in three-ring binders to assure materials are not separated or misplaced.
3. Clearly mark attachments with permanent tabs or dividers.
4. Check the application for completeness. All sections and questions need to be addressed. Applicants may be rejected on threshold review or receive a lower point score for items which are not addressed or that are simply marked not applicable (N/A) without explanation. Make sure all attachments are included.
5. Date and sign the application. Confirm that the person authorized in the resolution is the person who signs the application. The original application must have an original signature.
6. **For your information, the *Underwriting Worksheet* is attached as Exhibit J-1 to J-3. It contains information necessary to complete the application correctly.** You also may use this to determine your application's relative competitiveness. However, the Department's scoring upon review is the final determinant of awards.
7. Submit applications to either the P.O. Box or street address as follows:

Department of Housing & Community Development
Division of Community Affairs – MPROP, MS 390-5
P.O. Box 952054
Sacramento, CA 94252-2054

OR

Department of Housing & Community Development
Division of Community Affairs – MPROP
1800 Third Street, Room 390
Sacramento, CA 95814

II. TYPE & AMOUNT OF MPROP FUNDING BEING REQUESTED

A. Requested MPROP Loan: Choose one and list requested amount:

Conversion Loan: \$ _____

Blanket Loan: \$ _____

Individual Loans: \$ _____

III. PROJECT SUMMARY

A. Applicant Name: _____

B. Park Name and Location:

Park Name: _____

Park Address: _____

Tax Assessor's Parcel Number(s): _____

C. Project/Conversion Costs:

1. Total cost of project (See Exhibit D. Enter total from line 6, Column C.) \$ _____

2. Average cost per lot (See Exhibit D. Enter total, from line 6, Column D.) \$ _____

3. If individual loans are to be offered, what is the estimated number of households that may need an MPROP loan to purchase?

_____ #

4. What percentage of the total households in the park does the above number represent?

_____ %

D. Park is located within the boundaries of an incorporated City?

YES [] NO []

E. Is the park located in a Rural Area as defined by Section 50101?

YES [] NO []

"Rural area" means any open country or any place, town, village, or city which by itself and taken together with any other places, towns, villages, or cities that it is part of or associated with: (a) has a population not exceeding 10,000; or (b) has a population not exceeding 20,000 and is contained within a non-metropolitan area. "Rural area" additionally includes any open country, place, town, village, or city located within a Standard Metropolitan Statistical Area if the population thereof does not exceed 20,000 and the area is not part of, or associated with, an urban area and is rural in character. This definition may be changed by the department or the agency, as the case may be, to conform to changes in federal programs.

F. Basic Park Information:

1. Number of spaces: Total* _____ Occupied units _____, Vacant mobile homes _____

Vacant spaces (no mobile home on space) _____

*Does this number include a resident manager's space? YES [] NO []

2. Year park was developed: _____ Number of acres: _____

Number of spaces per acre: _____

3. Park residency open to: All ages [], 55 & older [], or 62 and older [].

G. Ownership Structure: Briefly describe the type of ownership structure proposed.

H. Resident Participation and/or Control: Describe how this will be accomplished.

IV. APPLICANT INFORMATION

The applicant is the legal entity/organization authorized by resolution to submit this application.

A. Applicant: _____
Authorized Person: _____
Title: _____
Contact Person: _____
Title: _____
Address: _____
City/zip: _____ County: _____
Telephone: _____ Fax: _____
E-mail: _____

B. Required Documentation for ALL Applicants:

1. Corporation Documents. Include copies of the articles of incorporation and bylaws. Also include any amendments to these documents. If the organization is not a corporation, attach other documentation showing the nature of the organization's operations and its legal ability to apply for funding and enter into a contract.
2. Board of Directors. Provide a list of all current members of the board of directors along with the résumés and/or descriptions of their current occupations.
3. Financial Audit. Provide the most recent financial audit for any organization that will take title to the park. If not applicable or not available, please attach an explanation.
4. Disclosure Statement. The disclosure should indicate all financial, ownership, agency, and family relationships if any between and among the parties to the proposed transaction. This includes disclosure from the park seller, purchasing entity or entities, consultant, attorneys, real estate brokers, loan originators, property management agent, any partnerships and all limited partnerships that need to be disclosed. If a dual agency broker contract is used include a copy of the disclosure of this fact to all participating parties of the contract. Describe any bankruptcies, civil actions or any disbarment that any members of your team have been identified as a party. Failure to disclose pertinent information may lead to disqualification and possible cancellation of your funding commitment.

C. Additional Required Documentation for Qualified Nonprofit Housing Organizations Applicants Only:

1. Certificate of Status from the Secretary of State, dated after the issuance date of the Request for Proposals.

2. IRS documentation that the nonprofit is a tax-exempt 501(c) 3.
3. Identify any affiliations the nonprofit corporation has with any other corporations, partnerships or businesses.

D. Additional Required Information, if Applicant is NOT Using the Services of a Third Party Entity(ies) for the Acquisition/Conversion and/or Management of the Park. This will generally only apply to qualified nonprofits or localities acting as the applicant and having the in-house experience to handle all aspects of the conversion process and/or property management. Information provided is critical to the points awarded for experience. (Applicants who will be using the services of a third-party entity, see Section IV for instructions regarding submittal of information.)

1. Personnel list. Provide a list of the primary staff by name, title and telephone number. If different people in the organization will perform different tasks concerning the acquisition/conversion and/or management of the park, identify each person and how they may be reached.
2. Qualification statements (résumé of experience).
 - a. Identify the individual's, staff member's, or organization's experience in: 1) converting a mobile home park; 2) development of government subsidized housing project(s); and/or 3) management of a mobile home park or a low-income housing project.;
 - b. provide a list of projects the organization has worked on in the last two (2) years; and
 - c. provide names and telephone numbers to contact as references.

➔ **LABEL THESE DOCUMENTS AS ATTACHMENT 1, APPLICANT**

V. PARK ACQUISITION/CONVERSION AND PROPERTY MANAGEMENT TEAM MEMBERS OTHER THAN THE APPLICANT (THIRD PARTY)

This section requests information concerning all third-party entities that will provide services to the applicant as part of an acquisition/conversion and park management team. Information provided is critical to the points awarded for experience, particularly if the applicant has little or no experience. When determining what organizations make up the development/conversion and property management team, they include entities that:

- have or will be used to facilitate the park purchase and conversion;
- will market any individual interests in the park;
- will take title to any unsold interests in the park; and/or

- will provide financial investment for the conversion, other than a commercial lender.*

*Please note that lenders should be identified on pages 14 and 15 in the section entitled “FINANCIAL DOCUMENTATION”.

Examples of possible acquisition/conversion and management team members would include real estate agents/brokers, consultants, engineers (representing the environmental, subdivision, and park inspection), escrow companies, attorneys, the loan originator (certifying low-income households’ eligibility), and property management company (both prior and after the conversion, if different). You should also identify any resident organization, resident association or homeowners association that exists or that will exist and represent the residents of the park.

A. Required Information. The documentation should disclose the information for each individual and/or organization that will be part of the team. When assembling and presenting the information, a number of documents will also be required and must be **organized into separate sections for each organization/person on the team**. The following attachments must be included for each organization or individual on the acquisition/conversion and property management team (team):

➔ **LABEL THESE DOCUMENTS AS ATTACHMENT 2A (2B, 2C, ETC) TEAM MEMBER**

1. Summary of the Role and Service. Describe for each organization and/or individual their participation in facilitating the acquisition. This should include: 1) a brief explanation of the service to be provided; 2) any relationships to the other organizations and/or individuals that make up the team; and 3) identify other parties that they will use to facilitate the conversion.
2. Personnel List. Provide the address and telephone number for each organization or individual providing services. List the primary staff by name, title and telephone number. If different people in the organization will perform different tasks concerning the acquisition/conversion or park management, identify each person and how they may be reached.
3. Qualification statements (résumés of experience). Identify the persons, staff, or organization’s experience in converting a mobilehome park or with development of government subsidized housing project(s), and/or management of a mobilehome park or a low-income housing project. Provide a list of projects the organization has worked on in the last two (2) years. Provide names and telephone numbers to contact as references.
4. Corporation Documents. Include copies of the articles of incorporation and bylaws. Also include any amendments to these documents. If the organization is not a corporation, attach other documentation showing the nature of the organization’s operations.
5. Board of Directors. Provide a list of all current members of the board of directors along with the résumés and/or descriptions of their current occupations.

6. Financial Audit. Provide the most recent financial audit for any organization or entity that will take title to the park. If not applicable or not available, please attach an explanation.

7. Other Documentation. Also provide:

a. copies of all contracts or letters of understanding that the applicant organization has entered into with the identified organization or individual; and/or

b. copies of any and all side agreements and contracts entered into or contemplated between and among the parties that in any way relate to the proposed transaction, including agreements regarding properties other than the mobilehome park.

8. Credit Report. Submit a copy of a recent credit report or Dunn & Bradstreet report dated within 90 days of the application submittal deadline that discloses the organization or individuals credit history and if the company has experienced any legal action. If not available, please attach an explanation.

9. Disclosure Statement. This disclosure statement should indicate all financial, ownership, agency, and family relationships, if any, between and among the parties to the proposed transaction. This includes disclosure from the park seller, purchasing entity or entities, consultant, attorneys, real estate brokers, loan originators, property management agent, any partnerships and all limited partnerships need to be disclosed.

If a dual agency broker contract is used include a copy of the disclosure of this fact to all participating parties of the contract.

Describe any bankruptcies, civil actions or any disbarment that any members of your team have been identified as a party. Failure to disclose pertinent information may lead to disqualification and possible cancellation of your funding commitment.

VI. PARK PURCHASE/LEASE INFORMATION

A. Site Control. **Evidence of Site Control is required at time of application.** Documentation of site control must include:

1. a fully executed copy of the agreement/contract with the current owner(s) or a copy of the grant deed, if already purchased. Note that any agreement or contract should be enforceable or extendable for at least 180 days after the MPROP application deadline as stated in the RFP.

➔ **LABEL DOCUMENTATION AS ATTACHMENT 3, SITE CONTROL**

AND

2. a preliminary title report dated within six (6) months of the application submittal deadline must be submitted.

➔ **LABEL THIS DOCUMENT AS ATTACHMENT 4, PRELIMINARY TITLE REPORT**

B. Indicate the form of site control (check one of the following):

☐ Fee simple interest; acquisition date: _____ Price paid: \$_____

☐ Legally enforceable purchase/sales agreement:

Date entered into: _____ Price: \$_____

Agreement valid through (date): _____

☐ Purchase agreement for a leasehold interest; term of leasehold interest:

Number of years of lease: _____ Cash flow analysis must indicate ability to pay off
MPROP loan at or before the end of the lease term with no balloon.

Date entered into: _____

Price: \$_____ Agreement valid through (date): _____

☐ Option to purchase agreement:

Date entered into: _____ Price: \$_____

Agreement valid through (date): _____

Renewable through (date): _____

☐ Disposition and Development Agreement with a public agency.

☐ Other _____

C. Describe the circumstances under which the park is being sold:

☐ Owner-initiated

☐ Resident-initiated

☐ Qualified Nonprofit Housing Sponsor initiated purchase

☐ Local government entity-initiated purchase with intent to transfer to a resident organization or nonprofit.

☐ Subject of lawsuit (i.e.: court-awarded park or interests)

☐ Other _____

D. Current owner of record:

Owner contact person: _____ Title: _____

Address: _____

City: _____ Zip: _____

Telephone: (_____) _____ Fax: (_____) _____

E. Proposed type of long-term ownership structure (check one):

☐ Planned development

☐ Airspace condominium

☐ Stock cooperative/share corporation

☐ Limited equity housing cooperative

☐ Nonprofit public benefit corporation - 501(c)(3)

☐ Nonprofit mutual benefit corporation – 501(c)(4)

☐ Other _____

F. Acquisition and/or development constraints. Identify and describe any potential constraints or difficulties with the project (for example, pending lawsuits, general plan amendments or zoning change approvals required, financing timelines, etc.). Also, summarize any pertinent contingencies listed in the purchase agreement.

VII. PARK DESCRIPTION AND CONDITION

A. Neighborhood Description. Attach a one page vicinity map that can be reproduced to show the park's location in relation to the surrounding area and a one page regional map showing the location of the community within the region. If the proposal is to relocate residents to a different park, indicate both parks on the vicinity map.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 5, MAPS**

B. Park Description. Attach a park site plan that includes designations for identifying mobile homes currently in the park as single-wides, double-wides, triple-wides, etc., RVs or travel trailers, and any conventionally-built structures. Describe the park, all of the non-residential structures and on-site amenities, their current use, and user fees charged (if any).

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 6, SITE PLAN**

C. Unit Composition. Enter the number of each type of housing unit in the mobile home park.

| Type of Unit | Total No. of Units | No. of Occupied Units | No. of Vacant Units | Average Age of Unit |
|---------------------------|--------------------|-----------------------|---------------------|---------------------|
| 1. Single-wide | | | | |
| 2. Double-wide | | | | |
| 3. Triple-wide | | | | |
| 4. RVs/travel trailers | | | | |
| 5. Conventional dwellings | | | | |
| 6. Other | | | | |
| 7. Totals | | | | |

Total vacant lots (no home on site) in park: _____

D. Title 25 (Health & Safety Code).

1. Date of the most recent Title 25 (Health & Safety Code) inspection: _____

2. Which government agency is responsible for inspection and enforcement?

3. Attach a copy of the last inspection report. If the park has received a notice(s) of violations of the Health and Safety Code /Mobilehome Parks Act, attach a copy(ies) of the notice.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 7, TITLE 25**

E. Public Utilities.

1. What is the date of last Public Utilities Commission inspection (gas lines/utility meters)? _____
2. If the park has received any notice(s) of violations of the Public Utilities Code, attach copy(ies).

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 8, PUBLIC UTILITIES**

F. General Condition. Supply information on the park's overall condition including any health and safety problems and plans to alleviate them. Describe the condition of items such as roads, public utilities, common facilities, and any other infrastructure.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 9, GENERAL CONDITION**

G. Rehabilitation Needs. If rehabilitation work is needed, provide:

1. detailed cost estimates for repair work on the park infrastructure and/or common area facilities; and
2. a construction timetable for the rehabilitation work.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 10, REHABILITATION NEEDS**

H. Relocation vs. Rehabilitation. Supply information and analysis done to determine that it is more cost effective to relocate a park than to rehabilitate/repair the existing park. This should include:

1. all costs for acquisition and development of the new site;
2. the costs to close and sell the old site;
3. the cost estimates to repair the existing park with the health and safety problems that exist and why they can not be adequately addressed;
4. the costs for relocating the residents and their mobile homes; and
5. a timetable for the various activities required to complete this transition.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 11, RELOCATION JUSTIFICATION**

VIII. GOVERNMENTAL PROCESS/APPROVALS

A. Permit to Operate.

1. Identification number: _____
2. Expiration date: _____
3. Attach a copy of the current permit.

If a permit to operate has not been obtained for the park, explain why and when you anticipate the permit will be obtained:

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 12, PERMIT TO OPERATE**

B. Environmental Issues.

1. Is the project located in a flood zone?

YES [☐] NO [☐]

List the FEMA flood map designation _____

Explain the designation assigned to the area of the park:

Projects in a 100-year flood zone will be required to obtain flood insurance at loan closing.

2. Will an environmental review be required under the California Environmental Quality Act (CEQA)?

YES [☐] NO [☐]

Attach a copy of the CEQA determination or the negative declaration by the locality, or provide a letter from the locality explaining the status of the project under CEQA.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 13, CEQA**

3. Is the project site located in a Special Studies Zone (Earthquake)?

YES [] NO []

Attach a copy of the documentation for this determination.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 14, SPECIAL STUDIES ZONE**

4. Is there a Phase I Environmental Assessment for the existing (or proposed site), preferably dated within six (6) months of the application due date as stated in the RFP?

YES [] NO []

Attach a copy of the report if available, or describe your plan for obtaining it.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 15, PHASE 1**

A recent Phase I Report will be required prior to funding of all blanket loans or if MPROP funds will be used to purchase at least 50% of the individual spaces in the park.

C. Local Approvals,

1. Describe current zoning designation for the existing park and/or proposed park:

2. Is a zoning change required?

YES [] NO []

If yes, describe required change and proposed timeline for obtaining local government approval. (Costs of obtaining the zoning change must be reflected in the *Estimated Project Costs Form*, Exhibit D.)

3. Is the park required to have a Conditional Use Permit?

YES [] NO []

If yes, attach a copy of the permit.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 16, CUP**

4. Subdivisions require local government approvals. If project is a subdivision, complete the following:

a. Anticipated or actual dates of:

Submittal of application and tenant impact report. _____

Tentative map approval. _____

Final map approval. _____

Certificate of Compliance (in lieu of map approval). _____

Attach copies of items identified above, if already received.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 17, SUBDIVISION APPROVAL**

b. Name of City or County Planning Director or Planner assigned to the project:

_____, Title _____

Telephone _____ Fax _____

D. State Approvals.

1. Will individual interests such as memberships, shares, lots or spaces be sold?

YES [] NO []

2. Will the project require the issuance of a public report from the Department of Real Estate (DRE)?

YES [] NO []

If yes, provide the actual or anticipated dates of the following:

a. Submittal date of DRE application. _____

b. Issuance of DRE preliminary public report. _____

c. Issuance of DRE final public report. _____

and also provide the following information:

d. DRE file number assigned to project. _____

e. DRE deputy assigned to project. _____

Phone number: _____

Attach a copy of the application, DRE pink or white report, as appropriate.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 18, DRE PUBLIC REPORT**

3. Will the project be a limited-equity housing cooperative claiming an exemption under Business and Professions (B&P) Code Section 11003.4?

YES [☐] NO [☐]

If yes, list the anticipated date of the following:

a. Submittal to MPROP of the project's operating documents pursuant to B&P Code Section 11003.4(b)(4) for MPROP's review and approval. _____

b. Submittal to MPROP of legal opinion pursuant to B&P Code 11003.4(b)(5). _____

c. Notification of DRE, on their Form 662, that an exemption is claimed. _____

4. Will securities subject to the approval of the Department of Corporations (DOC) be sold?

YES [☐] NO [☐]

If yes, provide the actual or anticipated dates of the following:

a. Submittal of application to the Department of Corporations for a permit to issue securities. _____

b. Issuance of permit to issue securities. _____

and also provide the following information:

c. Name on application to DOC. _____

d. Application #. _____

- e. Contact at DOC: _____
- Telephone #: _____

If no and DOC-exempt shares will be sold, provide documentation that you have taken all necessary steps to qualify for an exemption or attach a timetable for when you will seek the exemption, and identify the section of the California Corporations Code by which the exemption is authorized.

➔ **LABEL THIS DOCUMENTATION AS ATTACHMENT 19, DOC APPROVAL**

IX. RESIDENT SUPPORT

A. Resident Support. To qualify for MPROP financing, a survey is required to measure the level of resident support for the project. Submit the Department's Certification of Resident Support form for each household in the park. Two examples are included in this application and are labeled together as A, *Certification of Resident Support*. The content of the forms will differ depending upon the ownership structure of the project. The applicant must complete Section A of the form, then give a copy of the form to each resident for completion of Section B by the resident. Attach the completed surveys.

NOTE: You may substitute the Department's survey form with another if the information included in the form is substantially the same.

For those projects which must obtain approval from the Department of Real Estate (common-interest subdivisions), a revised application process has been instituted for the Preliminary Public Report, which will allow the applicant to disclose on the Certificate of Support the estimated purchase costs so that residents may respond based on these estimates prior to obtaining a Certificate of Compliance or Tentative Map.

B. Based on the results of the survey, provide the information requested below:

1. Number of households supporting plans for the project: _____
2. Number of households residing in the park: _____
3. Percentage of households supporting the project (a ÷ b): _____ %

➔ **LABEL THE COMPLETED SURVEYS AS ATTACHMENT 20, RESIDENT SURVEYS**

X. LOCAL GOVERNMENT SUPPORT

A. Local Government Actions. Describe and provide documentation for any actions local government is taking to facilitate the acquisition/conversion of the park. Include all assistance/services to be provided by local government, e.g.: streamlining approvals; waiver of

fees; tax incentives; (i.e. condemnation, letter of inducement); technical assistance; and/or loan origination or income certification services.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 21, GOVERNMENT SUPPORT**

XI. NEED ANALYSIS – LOW-INCOME HOUSEHOLDS

A. Residents' Assistance Needs. Based on information obtained from the residents:

1. Total households currently residing in the park as primary residence: _____
2. Estimated number of resident households that are low-income and require MPROP assistance: _____
3. Percent of low-income households ($2 \div 1$): _____

Please note that projects to be purchased by qualified nonprofits or public entities must have a minimum thirty percent (30%) low-income, owner occupied to be eligible to apply for MPROP.

B. Analysis of Low-Income Households. Prepare an Assistance Analysis Chart that lists all the low-income residents and their housing costs. Sample chart formats in Excel are included as Exhibit B1 and B2 "*Sample Assistance Analysis Chart Format (Non-Subdivided and Subdivided Parks)*". These are available on diskette or by e-mail from the Department upon request. This chart is used to determine the benefit of MPROP in reducing resident housing costs prior and after receiving the MPROP assistance. A reduction in the total housing cost to the low income residents is a factor that is calculated in rating and ranking of project applications. Include estimates for the following information (you may provide additional information not on this list) for all households. You may use Exhibit C, *Eligibility Questionnaire*, to obtain the information required for this chart.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 22, ASSISTANCE ANALYSIS**

1. Current gross monthly income (see Exhibit K, *MPROP Definition of Gross Income*, for legal definition of gross income).
2. Current and projected (first-year after acquisition) monthly housing costs, including the following costs for each household:
 - a. mobilehome loan debt service, if any;
 - b. utilities, not including telephone or cable TV;
 - c. mobilehome hazard, homeowner's insurance;
 - d. mobilehome annual registration fees or property taxes;
 - e. rents/homeowners assessments or dues;

- f. projected debt service (loan payments) on any individual interest purchased;
 - g. monthly allowance for home maintenance, (Generally, ranges between \$25-\$50 per month);
 - h. total monthly housing costs; and
- 3. Percentage of gross monthly income spent by each household on housing costs.
 - 4. Proposed MPROP and any other purchase and/or space rental assistance to be provided.

and if individual interests are to be sold:

- 5. the estimated sales price of the individual interests;
- 6. Cash down payment or other equity the low-income residents plan to contribute, if applicable.

C. Program of Assistance. If you are applying for a blanket or conversion loan, attach a detailed description of the program of assistance that shows how the proceeds of the blanket loan will benefit low-income residents. The estimate of the dollar amount of that assistance and the assumptions made in the program of assistance must be in agreement with those amounts and assumptions in Attachments 18 (Assistance Analysis Chart), 26 (Proposed Operating Budget), and 27 (Long Term Cash Flow) (Samples of acceptable versions of programs of assistance can be obtained from the MPROP program staff.

Note that qualifying nonprofit owners are required to maintain a minimum thirty percent (30%) low-income occupancy for the thirty-year term of the MPROP loan, which will be enforced by a Regulatory Agreement recorded against the property. This is the minimum “Program of Assistance” in these cases.

➔ LABEL THE DOCUMENTATION AS ATTACHMENT 23, PROGRAM OF ASSISTANCE

XII. STATE RELOCATION LAW – ANTI-DISPLACEMENT GUIDELINES

Attached as Exhibit J are MPROP’s *Anti-Displacement Guidelines*. Please read them carefully, as they discuss the required limits on the amount of rent that can be charged to non-purchasing/non-member residents. **Qualifying nonprofit organizations have to consider all residents as non-purchasing/non-member. Furthermore, if the applicant is a local public entity, the Government Code imposes substantial additional requirements.**

The law is designed to minimize the impact of displacement on non-purchasing/non-member residents due to rent increases or other factors associated with a park acquisition. These guidelines are intended to provide technical assistance and are based on 1) the statutes and regulations governing MPROP, including the regulation that equates lack of displacement with being allowed to remain in the park “at generally the same terms as existed prior to the conversion” 2) various statutory provisions applicable to subdivision conversions, including

Government Code Section 66427.5 and Business and Professions Code Section 11010 and 3) interpretations of these statutes and regulations by the Department's legal and program staff.

The guidance set forth in the Anti-Displacement Guidelines is not designed to fit every circumstance, and applicants may propose modifications to the requirements for their particular park if allowed by existing laws. Any proposed modification must be approved at the application stage. In the absence of explicit approval of a modification proposal, applicants will still be required, as a condition of loan funding, to comply with all the MPROP regulations governing displacement and relocation and all applicable relocation laws..

The statutes governing subdivision conversions of mobilehome parks sharply limit the Department's authority to approve substantial modifications to the requirements set forth in the Anti-Displacement Guidelines for this type of project.

These potential limitations on rental income must be considered in financial projections submitted with the application. Failure to prepare financial projections for the park in accordance with these requirements may result in a determination of a financially infeasible project. This will result in threshold rejection of the application.

A. Conversion Initiation Date. Identify the Conversion Initiation Date (defined in the Anti-Displacement Guidelines). Describe the basis for selecting this date, and specify the document evidencing it:

Attach a copy of the documentation evidencing the Conversion Initiation Date. If already included in another section of the application include a page referencing the other section.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 24, CONVERSION INITIATION**

B. Rent-Controlled Parks.

1. Was the park subject to a local rent control ordinance on the conversion initiation date, identified in item A above?

YES [] NO []

If **no**, skip to item C below. If **yes**, attach a copy of the rent control ordinance in effect at that time, and all subsequent amendments.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 25, RENT CONTROL**

3. If you answered **yes** to item 1, does the rent control ordinance limit rent increases for non-purchasing/non-member residents following the conversion?

YES [] NO []

If you answered **no**, skip to item C below.

4. If you answered **yes** to item 1 and item 3, does the local rent control ordinance allow for increases in this park that are greater than those allowed for non-purchasing/non-member, low-income residents under the Anti-Displacement Guidelines? (This includes vacancy decontrol or rental adjustments that exceed the annual increase in the Western Urban Residential Consumer Price Index or CPI).

YES [] NO []

Briefly describe the local ordinance's rent increase provisions:

5. If you answered **yes** to 4, proceed to item C below. If you answered **no** to item 4, then it is likely that the requirements set forth in the MPROP's anti-displacement are satisfied by complying with local rent control, and item C below may be skipped.

Attach a current rent roll prepared by the park owner or their management agent. If it contains known errors, show corrections.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 26, CURRENT RENT ROLL**

B. Anti-Displacement Analysis.

1. Attach rent rolls prepared by the park owner or their management agent (with known errors corrected) showing rents for all three periods of time listed below.

a. The three years preceding the conversion initiation date, as specified in A above.

b. The first, second, third, and fourth anniversary dates of the conversion initiation date; or whichever of these dates has passed, if any.

and

c. The date of the MPROP application.

These rent rolls should show space rental charges separately from utility and other similar pass-through charges.

2. Attach a narrative detailing:

- a. any actions that you propose to take that are not in strict compliance with the requirements set forth in the Anti-Displacement Guidelines;
- b. what rent increases are proposed for the period remaining prior to the fourth anniversary of the Conversion Initiation Date; and
- c. a preliminary relocation plan. (Costs for the relocation plan must be reflected in the Development Budget.)

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 27, ANTI-DISPLACEMENT**

XIII. FINANCIAL DOCUMENTATION – NON-SUBDIVIDED PARKS

A. Market Information. Attach a description of the three most comparable competitive parks. Include, at a minimum, the park name, address, resident manager name and phone number, typical rental rates (and what services are included), and significant amenities. Also attach any other available information on the local area market, including previously completed park appraisals and information on mobilehome values, sale rates and the amount of time on the market.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 28, MARKET INFORMATION**

B. Historical Operating Statements. If available from the current owner, attach operating statements showing income and expenses of the park for the past three years.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 29, OPERATING STATEMENTS**

C. Financial Estimates and Projections. **The following documents must be carefully prepared in accordance with these instructions. The Department's financial feasibility review relies heavily on the reasonableness, completeness and accuracy of these items. If items are incorrectly completed, incomplete or inconsistent, the project may not be able to demonstrate financial feasibility, which is a threshold requirement to be considered for MPROP funding.**

1. Estimated Project Costs. Using the format shown in Exhibit D, *Estimated Project Costs*, attach a budget showing project development (acquisition/conversion) costs. These costs will be reviewed for completeness and reasonableness.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 30, PROJECT COSTS**

2. Sources of Funds. Using the format shown in Exhibit E, *Sources of Funds*, attach a description of all interim (primarily for conversion loans) and permanent sources of funds to be used for project conversion/acquisition costs, rehabilitation costs, if applicable, or rental subsidies. Be sure to complete all information requested

of this form. If letters of interest, commitment letters, or other documentation of a firm commitment of funds from any of the proposed lenders are available, include copies.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 31, SOURCES OF FUNDS**

3. Proposed First Year Operating Budget. Using the format shown in Exhibit F, *Proposed Operating Budget*, attach a detailed estimated income and expenses statement for the first operating year following the closing of the MPROP loan (Year 1). Expenses will be reviewed for reasonableness and completeness. Any rental subsidies, including an internal “program of assistance,” should be shown as a separate operating expense line item.

Remember that projected income must take into account any required anti-displacement or rent control ordinance rent restrictions as described above.

Attach a narrative describing the basis for any unusual items, e.g., income from “other” sources.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 32, PROPOSED OPERATING BUDGET**

4. Cash Flow Analysis. Attach a pro-forma cash flow analysis for the projected term of the project’s MPROP loan. Please refer to Exhibit O, *Underwriting Guide and Worksheet*, for the financial assumptions (e.g. debt coverage ratio, inflation increase assumptions, vacancy rate) that must be used in preparing the cash flow analysis. Any variation from these assumptions must be explained and may not be acceptable to the Department. A sample cash flow analysis is attached as Exhibit G. The sample is for 10 years only. The cash flow analysis submitted with the application must be for the full term of the MPROP loan. In almost all cases this will be 30 years.

This analysis should, at a minimum, show separate line items for scheduled rental income, vacancy loss, operating expenses, reserve deposits, and debt service on loans proposed to be part of the financing, before or after the actual completion of the conversion. The income and the total operating expenses shown in Year 1 on the Cash Flow Analysis must match the numbers shown in the Proposed First Year Operating Budget submitted. Any rental subsidies, including an internal “program of assistance,” should be shown as a separate operating expense line item.

The amount of debt service shown must correspond with the loan terms (interest rates, payments, length of time, etc.) stated in any letters of interest or commitment letters from proposed lenders other than MPROP or with assumptions about the loan terms of any financing proposed. In the absence of letters from other potential lenders, the assumptions about likely loan terms must be consistent with the current market or the likelihood of those loan terms being achievable from the proposed lender.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 33, CASH-FLOW ANALYSIS**

5. Share Financing. If individual share or membership interests are to be sold, describe how you expect these interests will be financed, both upon sale to the current residents and, eventually, upon resale to new owners. If MPROP funds are being requested for financing the purchase of individual interests (share loans), describe what is known about the value of the homes that will serve as collateral for these loans, and the outstanding amount of existing encumbrances (liens) against them. (Indicate what the basis is for believing that there is sufficient collateral for the share loans.)

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 34, SHARE FINANCING**

XIV. FINANCIAL DOCUMENTATION –SUBDIVIDED PARKS

A. Market Information. . If you have any appraisal(s) of the park or of subdivided interests for which this application is being submitted, include copy(ies). If there have already been sales in the park, provide a list identifying the units sold, the date of sale, and the sales price.

Attach a description of the three most comparable competitive subdivided parks (or rental parks only if there are no subdivided parks in the area). Include, at a minimum, the park name, address, resident manager name and phone number, and a description of significant amenities. Also, attach any information you have collected on market activity in these competitive parks, such as appraisals, information from brokers describing current listings, historical sales rates, marketing time and prices, etc.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 28, MARKET INFORMATION**

B. Historical Operating Statements: Attach operating statements showing park income and expenses for the past three years, if available from the current owner.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 29, OPERATING STATEMENTS**

C. Estimated Project Costs: Using the format shown in Exhibit D, *Estimated Project Costs*, attach a budget showing project development (acquisition/conversion) costs. These costs will be reviewed for completeness and reasonableness.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 30, PROJECT COSTS**

D. Sources of Funds. Using the format shown in Exhibit E, *Sources of Funds*, attach a description of all interim (primarily for conversion loans) and permanent sources of funds to be used for project conversion/acquisition costs, rehabilitation costs, if applicable, or rental subsidies. Be sure to complete all information requested of this form. Identify lenders who you anticipate would be interested in financing individual interests in the subdivided park. If letters of interest, commitment letters, or other documentation of a firm commitment of funds from any of the proposed lenders are available, include copies.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 31, SOURCES OF FUNDS**

E. Proposed First Year Operating Budget: If the Department of Real Estate (DRE) has already issued the Final Public Report for the park, include the first-year operating budget as contained in that report. Otherwise, using the format shown in Exhibit F, *Proposed Operating Budget*, attach a detailed estimated income and expenses statement for the first operating year following the closing of the MPROP loan (Year 1). Expenses will be reviewed for reasonableness. Any rental subsidies, including an internal “program of assistance,” should be shown as a separate operating expense line item.

Remember that projected income must take into account any required anti-displacement or rent control ordinance rent restrictions as described above.

Attach a narrative describing the basis for any unusual items, such as income from “other” sources.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 32, PROPOSED OPERATING BUDGET**

F. Unsold Unit Financing. If applicable to this project, describe how the subdivided interests will be financed prior to sale to individual owners:

G. Borrower Qualification Analysis: Attach an analysis of the potential for the individual residents to qualify for financing needed to purchase their individual interest. In other words, can residents afford to buy their interest based on the purchase price, associated costs involved, their income and the loan terms of the proposed financing? This analysis should reflect the projected purchase prices, resident incomes, existing loan payment amounts, and other information required to make a preliminary determination of the number of individuals who are likely to be able to purchase.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 35, BORROWER QAULIFYING**

XV. LOCAL PROGRAMS FOR MOBILEHOMES AND MOBILEHOME PARKS

A. Programs. Attach documentation of any local government programs specifically related to mobilehome parks and the preservation of mobilehomes and mobilehome parks as affordable housing. Attach copies of program descriptions or summaries obtained from the locality.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 36, LOCAL PROGRAMS**

B. Housing Element. Is the locality's (city or county) housing element in substantive compliance with State Housing Element Law?

YES [] NO []

XVI. LEGISLATIVE REPRESENTATIVES

Identify the legislators who represent the area in which the proposed project is located:

Member of the State Assembly:

Name: _____

District: _____

Name: _____

District: _____

Member of the State Assembly:

Name: _____

District: _____

Name: _____

District: _____

U.S. Congressman

Name: _____

District: _____

Member of the State Senate:

Name: _____

District: _____

Name: _____

District: _____

Member of the State Senate:

Name: _____

District: _____

Name: _____

District: _____

XVII. CERTIFICATION AND RESOLUTION

A. Governing Board Resolution. A sample resolution is provided with this application as Exhibit H. Attach a resolution executed by the governing board of the applicant.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 37, RESOLUTION**

B. Certification. A certification form is provided with this application as Exhibit I. This form must be signed by the person authorized to sign in the governing body's resolution.

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 38, CERTIFICATE OF COMPLIANCE**

XVIII. UNDERWRITING WORKSHEET

A. Underwriting. An underwriting worksheet is provided with the application as Exhibit J-1. **This worksheet must be completed in its entirety for project rating.**

➔ **LABEL THE DOCUMENTATION AS ATTACHMENT 39, UNDERWRITING**

XIX. CERTIFICATION OF APPLICANT SIGNING THIS APPLICATION

After reviewing the application, check it for completeness, and sign the certification below. The individual signing this application must be the same as the person who is authorized to sign in the Resolution, Attachment 37.

I certify that I have reviewed the information contained herein and that it is true and correct to the best of our knowledge. I authorize the State Department of Housing and Community Development to contact any agency or organization, which may assist in determining applicant capability. All information contained in this application is acknowledged to be public information. I understand that we are liable for the correctness and accuracy of the information regardless of who prepared the application. I understand that failure to disclose information pertinent to the proposed legal or financial structure of the loan or loans being requested, may in the sole discretion of the Department, result in disqualification of the application and/or termination of a loan commitment.

Applicant Organization _____

Authorized Signatory of Applicant _____

Title of Individual Authorized Sign _____

Date _____

THE ABOVE SIGNATURE(S) MUST BE ORIGINALS

CHECKLIST OF ATTACHMENTS

Page 1 of 2

NOTE: All the attachments listed here, except those marked with an asterisk(*), must be attached to the application. Those marked with an asterisk (*) may not apply in all cases. **If they do not apply to your project, mark N/A "Not Applicable" in the column.** Tab each attachment and place the completed attachments at the end of the application in numerical order according to the corresponding numbers listed below. Check them off on the list below to be sure you have attached them to your application. **Incomplete applications will be returned without consideration for funding.**

| | Check if Included |
|------------------------------|----------------------|
| 1. Applicant | [] |
| 2. Team Members | []* |
| 3. Site Control | [] |
| 4. Preliminary Title Report | [] |
| 5. Maps | [] |
| 6. Site Plan | [] |
| 7. Title 25 | [] |
| 8. Public Utilities | [] |
| 9. General Condition | [] |
| 10. Rehabilitation Needs | []* |
| 11. Relocation Justification | []* |
| 12. Permit to Operate | [] |
| 13. CEQA | [] |
| 14. Special Studies Zone | [] |
| 15. Phase 1 | [] |
| 16. CUP | []* |
| 17. Subdivision Approval | []* |
| 18. DRE Public Report | []* |

CHECKLIST OF ATTACHMENTS

Page 2 of 2

**Check if
Included**

- | | | |
|-----|--|------|
| 19. | DOC Approval | []* |
| 20. | Resident Surveys | [] |
| 21. | Government Support | [] |
| 22. | Assistance Analysis (Sample Formats – Exhibit B1 & B2) | [] |
| 23. | Program of Assistance | [] |
| 24. | Conversion Initiation | [] |
| 25. | Rent Control | []* |
| 26. | Current Rent Roll | [] |
| 27. | Anti-Displacement | [] |
| 28. | Market Information | [] |
| 29. | Operating Statements | [] |
| 30. | Project Costs (Use Exhibit D) | [] |
| 31. | Sources of Funds (Use Exhibit E) | [] |
| 32. | Proposed Operating Budget (Use Exhibit F) | [] |
| 33. | Cash Flow Analysis (Sample Format – Exhibit G) | []* |
| 34. | Share Financing | []* |
| 35. | Borrower Qualifying | []* |
| 36. | Local Programs | [] |
| 37. | Resolution | [] |
| 38. | Certificate of Compliance | [] |
| 39. | Underwriting Worksheet | [] |

LIST OF EXHIBITS TO THE APPLICATION

| | |
|------------------|--|
| EXHIBIT A | CERTIFICATION OF RESIDENT SUPPORT FOR PARK ACQUISITION |
| EXHIBIT B | ASSISTANCE ANALYSIS CHART – SAMPLE FORM |
| EXHIBIT C | ELIGIBILITY QUESTIONNAIRE |
| EXHIBIT D | ESTIMATED PROJECT COSTS |
| EXHIBIT E | SOURCES OF FUNDS |
| EXHIBIT F | PROPOSED OPERATING BUDGET |
| EXHIBIT G | SAMPLE CASH FLOW ANALYSIS |
| EXHIBIT H | SAMPLE RESOLUTION |
| EXHIBIT I | CERTIFICATE OF COMPLIANCE |
| EXHIBIT J | MPROP UNDERWRITING WORKSHEET |
| EXHIBIT K | ANTI-DISPLACEMENT GUIDELINES |
| EXHIBIT L | MPROP DEFINITION OF GROSS INCOME |
| EXHIBIT M | MPROP LOW-INCOME LIMITS |
| EXHIBIT N | MPROP STATUTES |
| EXHIBIT O | MPROP REGULATIONS |

INCLUDE AS ATTACHMENT 20 – RESIDENTS SURVEYS

CERTIFICATION OF RESIDENT'S SUPPORT FOR RESIDENT-OWNED PARK

Instructions for completing this form: Section A must be completed in full by either the entity who anticipates selling the individual interests in the mobilehome park or the sponsor or consultant of the project. This must be done prior to completion of Section B by the individual members of the household.

Section A

Name of Mobilehome Park: _____

Address of Lot or Space #: _____

Estimated Purchase Price of Individual Lot or Membership/Share: \$ _____

Estimated Loan Closing Costs (to be paid by household at loan closing) \$ _____

Estimated Park Acquisition Costs i.e.: legal, consultant fees \$ _____

Total Estimated Costs to Household for Purchase \$ _____

Estimated maximum monthly payments assuming _____% down at _____% interest rate

for _____ years \$ _____. Date of Estimate: _____ Name of Estimator: _____

Section B

The information provided above is an estimate of costs to purchase your individual interest in the park. Based on these figures, complete the survey below and have all adult members of the household sign and date the form.

Members of household: _____

Please provide your telephone number: (____) _____

PLEASE CHECK **ONE** BOX

- ☐ Yes, I support conversion of the park, but do not intend to buy an interest in the park.
- ☐ Yes, I support conversion of the park, but cannot buy (for example: I am sub-leasing, I am unable to obtain credit at this time, or my resident status prevents me from buying an interest).
- ☐ Yes, I support conversion of the park and intend to purchase my space or membership/share as follows.

A. I think I will be able to obtain, and intend to apply for bank or other financing. ☐

B. I intend to purchase my interest with cash. ☐

C. I think I am a lower-income resident, and may need government assistance in order to purchase. ☐

☐ No, I do not support the conversion of the park to resident ownership.

☐ I decline to state my opinion at this time.

I understand that this form does not constitute an offer to sell at a specific price, nor is it a commitment to purchase an interest in the mobilehome park, but is merely an indication of support/non-support for the park conversion.

(Signature)

(Date)

(Signature)

(Date)

CERTIFICATION OF RESIDENT’S SUPPORT FOR PURCHASE OF PARK BY:_____
(Entity)

Instructions for completing this form: Section A must be completed by the entity that is purchasing or facilitating the purchase by the identified entity prior to asking the individual household members to complete Section B of this form.

Section A

Name of Mobilehome Park: _____ Lot or Space #: _____.

It is the intent of the entity named above to purchase/own the mobilehome park in order to preserve the park as a long-term source of affordable housing. No economic or physical displacement of the existing residents is anticipated as a result of the purchase. If any displacement does occur, mitigation would be required by State law. Depending on the source and amount of government financing obtained for the project as a result of your support, the owner will be required to ensure that low-income households’ rents remain affordable pursuant to statutory requirements governing the source of financing. The owner will also be required to ensure resident participation in the long-term management of the park by either having resident representation on their Board or by establishment of a permanent Resident Advisory Board.

Questions regarding this form may be directed to: _____
(Name) (Phone)

Section B

The information provided above is a disclosure of the anticipated impact that the acquisition of the park will have on the households currently residing in the park. You should have received a more comprehensive description of the project’s impact prior to receiving this form. Based on your understanding of the above, complete the survey below and have all adult members of the household sign and date the form.

Members of household: _____

Please provide your telephone number: (_____) _____
(Phone)

PLEASE CHECK **ONE** BOX

- ☐ Yes, I support acquisition of the park based on the information presented.
☐ No, I do not support the acquisition of the park.
☐ I decline to state my opinion at this time. I understand that in doing so, I may jeopardize the ability of the entity named above to obtain government financing for the project.

I understand that this form is merely an indication of support/non-support for the park conversion.

(Signature)_____
(Date)_____
(Signature)_____
(Date)

INCLUDE AS PART OF ATTACHMENT 22 – ASSISTANCE ANALYSIS

ELIGIBILITY QUESTIONNAIRE

MOBILEHOME PARK RESIDENT OWNERSHIP PROGRAM (MPROP)

The amount of MPROP financial assistance available to the park is determined by the number of eligible households living in the park at the time of application. By filling out this questionnaire, you will assist staff in determining the number of eligible households and the amount of financial assistance required. An eligible household is defined as a family with a gross income that does not exceed 80% of the median income for the County in which the park is located. The limits are adjusted for family size. Please indicate your estimated household annual gross income from all sources. This needs to include “**income**” from employment, social security, pensions, and interest and investment earnings (stocks, CD’s, savings accounts, etc.).

\$ _____ How many people reside in your mobilehome? _____

In addition, the program needs to assess whether MPROP financial assistance will stabilize or reduce the resident’s housing costs. Parks that cost effectively use MPROP financial assistance will have a better chance of receiving funding. To estimate the benefit, we need information about your current housing costs. This information will be compared against an estimate of your future housing cost using the MPROP assistance.

| | |
|--|----|
| What are you paying monthly towards your mobilehome ? (mortgage) | \$ |
| What are you paying monthly for utilities? (Do not include phone, cable tv) | \$ |
| What are you paying monthly for hazard insurance ? | \$ |
| What are you paying for registration fees or property taxes? (Divide by 12 for monthly amount) | \$ |
| What is your current space rent, lease payment, homeowner’s assessments or dues? | \$ |

Names of residents: _____

Space number _____ Telephone number: (_____) _____

I understand that providing this information does **not** constitute an offer to purchase an interest in the mobilehome park, nor does it guarantee me financial assistance. I also understand that by submitting this information, I am not committing to buy an interest in the mobilehome park or to accept financial assistance, if either is offered. I certify that the information provided on this form is true and correct to the best of my knowledge. I also understand that this information will be kept confidential and will be used only to qualify for MPROP financial assistance. If the park is awarded funding, it will be the responsibility of the designated “loan originator” or “income certifier” to confirm the eligibility information provided in this form.

(Signature)

(Date)

(Signature)

(Date)

PROJECT COSTS

Include all costs associated with completion of the project. If the project is a condominium conversion or other subdivision, estimate costs associated with the sale of 100% of the spaces. Provide a separate listing, which specifies by line item, the costs that are not eligible for MPROP funding. See Section 8004(b) of the program regulations for a definition of eligible costs.

| Line Item | [A] Interim¹⁾ Phase | [B] Perm²⁾ Phase | [C] Total Cost | [D] Avg. cost Per Lot |
|---------------------------------|--|---|------------------------------------|--|
| 1. ACQUISITION COSTS | | | | |
| Park purchase price | | | | |
| Lender costs | | | | |
| Points | | | | |
| Interest | | | | |
| Inspection fees | | | | |
| Other loan fees | | | | |
| C. Title/closing costs | | | | |
| Title insurance | | | | |
| Escrow fees | | | | |
| Recording fees | | | | |
| Other closing costs | | | | |
| Other acquisition costs | | | | |
| 2. PROFESSIONAL SERVICES | | | | |
| Consultant | | | | |
| Legal | | | | |
| Engr/survey/supervision | | | | |
| Other | | | | |

PROJECT COSTS

| Line Item | [A] Interim¹⁾ Phase | [B] Perm²⁾ Phase | [C] Total Cost | [D] Avg. cost Per Lot |
|---------------------------------------|--|---|------------------------------------|---|
| 3. OTHER PROJECT COSTS | | | | |
| Locality fees | | | | |
| State fees (e.g., DRE) | | | | |
| Marketing costs | | | | |
| Organizational expenses | | | | |
| Hazard/liability insurance | | | | |
| Other | | | | |
| 4. RESERVES | | | | |
| Replacement | | | | |
| Operating | | | | |
| Relocation | | | | |
| Other | | | | |
| 5. REHABILITATION⁴⁾ | | | | |
| On-site improvement | | | | |
| Community buildings | | | | |
| Infrastructure | | | | |
| Other (specify) | | | | |
| Off-site Improvement (specify) | | | | |
| TOTAL PROJECT COSTS | \$ | \$ | \$ | \$ |

FOOTNOTES:

- 1) Interim phase means that time period ending when the park is purchased.
- 2) Permanent phase means that time period subsequent to closing of the MPROP loan [Long-term loan].
- 3) Include all costs associated with close of escrow, i.e., processing fees, tax prorations, loan fees, transfer tax, recording fees, etc.
- 4) Include any rehabilitation work costs as described in Attachment 10

INCLUDE AS ATTACHMENT 33 – SOURCES OF FUNDS

SOURCES OF FUNDS

Provide information regarding all sources of funds for the project. If interim financing is used and will be replaced with permanent financing, list the interim financing first and then the permanent financing. Indicate what sources of permanent financing will be used to pay off the interim financing. Points may be lost if the financing structure cannot be clearly determined. Additional information in the form of a written narrative may also be included with this form to provide clarification. **Complete as many copies of this page as necessary to list all financing sources, one per box.**

| Provider/Lender Name & Address: | Source of Funding | Commitment of this funding | Type of Funding: | Amount of Funding | Lien Position | Terms of Payment | Payment Amount | Payment Frequency | Interest Rate | Term |
|---|--|---|------------------|---|--|------------------|----------------|-------------------|---------------|------|
| <input type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> City/County <input type="checkbox"/> Commercial <input type="checkbox"/> Private Identify Program Name (if public agency): Contact Person: Telephone: | <input type="checkbox"/> Proposed <input type="checkbox"/> Applied for <input type="checkbox"/> Commitment obtained <input type="checkbox"/> Funded | <input type="checkbox"/> Loan <input type="checkbox"/> Grant <input type="checkbox"/> Cash <input type="checkbox"/> Other Describe: | \$ | <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> None | <input type="checkbox"/> Amortize <input type="checkbox"/> Deferred <input type="checkbox"/> Graduated <input type="checkbox"/> Residual Receipts <input type="checkbox"/> Grant <input type="checkbox"/> Other | | | | | |

☐ This source of funding is a permanent source of financing.

☐ This source represents interim financing (no more than three years) and will be replaced with permanent financing identified below as: _____

Describe any regulatory requirements that are associated with this funding source:

| Provider/Lender Name & Address: | Source of Funding | Commitment of this funding | Type of Funding: | Amount of Funding | Lien Position | Terms of Payment | Payment Amount | Payment Frequency | Interest Rate | Term |
|---|--|---|------------------|---|--|------------------|----------------|-------------------|---------------|------|
| <input type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> City/County <input type="checkbox"/> Commercial <input type="checkbox"/> Private Identify Program Name (if public agency): Contact Person: Telephone: | <input type="checkbox"/> Proposed <input type="checkbox"/> Applied for <input type="checkbox"/> Commitment obtained <input type="checkbox"/> Funded | <input type="checkbox"/> Loan <input type="checkbox"/> Grant <input type="checkbox"/> Cash <input type="checkbox"/> Other Describe: | \$ | <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> None | <input type="checkbox"/> Amortize <input type="checkbox"/> Deferred <input type="checkbox"/> Graduated <input type="checkbox"/> Residual Receipts <input type="checkbox"/> Grant <input type="checkbox"/> Other | | | | | |

☐ This source of funding is a permanent source of financing.

☐ This source represents interim financing (no more than three years) and will be replaced with permanent financing identified below as: _____

Describe any regulatory requirements that are associated with this funding source:

INCLUDE AS ATTACHMENT 30 – PROPOSED OPERATING BUDGET

PROPOSED OPERATING BUDGET

| Line Item | Total Annual | Total Monthly | Per Lot Per Month |
|---------------------------------|---------------------|----------------------|--------------------------|
| 1. GROSS INCOME | | | |
| A. Payments from Residents | | | |
| 1. Lot Rents | | | |
| 2. HOA/Co-op Dues | | | |
| 3. Utilities | | | |
| 4. Laundry | | | |
| 5. Interest | | | |
| 6. Other | | | |
| SUBTOTAL | \$ | \$ | \$ |
| B. Less Vacancy Factor _____ % | | | |
| TOTAL NET INCOME | \$ | \$ | \$ |
| 2. FIXED COSTS | | | |
| A. Insurance Impound | | | |
| 1. Hazard | | | |
| 2. Liability | | | |
| 3. Other - | | | |
| B. Taxes Impound | | | |
| 1. Property | | | |
| 2. Corp. (FTB/IRS) | | | |
| 3. Other - | | | |
| C. Permit, fees, license | | | |
| D. Rent subsidies (MPROP/other) | | | |
| E. Other - | | | |
| TOTAL FIXED COSTS | \$ | \$ | \$ |
| 3. OPERATING COSTS | | | |
| A. Utilities | | | |
| 1. Electricity | | | |
| 2. Water and sewer | | | |
| 3. Gas | | | |
| B. Grounds | | | |
| 1. Contracts | | | |
| 2. Supplies | | | |
| C. Maintenance | | | |
| 1. Contracts | | | |
| 2. Supplies | | | |
| D. Service contracts | | | |
| 1. Security | | | |
| 2. Refuse disposal | | | |
| 3. Heating and Air Conditioning | | | |
| 4. Other - | | | |

INCLUDE AS ATTACHMENT 30 – PROPOSED OPERATING BUDGET

PROPOSED OPERATING BUDGET

| Line Item | Total Annual | Total Monthly | Per Lot Per Month |
|--------------------------------------|---------------------|----------------------|--------------------------|
| E. Miscellaneous | | | |
| 1. Equipment purchase | | | |
| 2. Pest control | | | |
| 3. Snow removal | | | |
| 4. Lake/waterways | | | |
| 5. Other - | | | |
| TOTAL OPERATING COSTS | \$ | \$ | \$ |
| 4. ADMINISTRATION | | | |
| 1. Management fee | | | |
| 2. Legal services | | | |
| 3. Audit/accounting | | | |
| 4. On-site office | | | |
| 5. Site related salaries | | | |
| a) Resident manager | | | |
| b) Grounds Personnel | | | |
| c) Staff benefits | | | |
| d) Other - | | | |
| 6. Miscellaneous | | | |
| a) Market/advertisement | | | |
| b) Telephone | | | |
| c) Other - | | | |
| TOTAL ADMINISTRATION COSTS | \$ | \$ | \$ |
| 5. RESERVE ACCOUNTS | | | |
| 1. Operating reserves | | | |
| 2. Replacement reserves | | | |
| 3. Sinking Fund/Other | | | |
| TOTAL RESERVES | | | |
| 6. DEBT SERVICE | | | |
| 1. Mortgage lender | | | |
| 2. Seller carryback | | | |
| 3. MPROP loan | | | |
| 4. Locality loan | | | |
| 5. Other - | | | |
| TOTAL DEBT SERVICES | \$ | \$ | \$ |
| TOTAL EXPENSES (SUM OF 2 - 6) | \$ | \$ | \$ |
| 7. CASH FLOW ANALYSIS | | | |
| TOTAL INCOME | \$ | \$ | \$ |
| LESS TOTAL EXPENSES (2 - 6) | \$ | \$ | \$ |
| DEFICIT OR SURPLUS | \$ | \$ | \$ |

RESOLUTION NO: _____

THE GOVERNING BOARD OF

(Name of the Organization)

HEREBY AUTHORIZES THE SUBMITTAL OF A LOAN APPLICATION, THE INCURRING OF INDEBTEDNESS, THE EXECUTION OF A STANDARD AGREEMENT AND ANY AMENDMENTS THERETO, A PROMISSORY NOTE, AND ANY OTHER DOCUMENTS NECESSARY TO SECURE A MOBILEHOME PARK RESIDENT OWNERSHIP PROGRAM LOAN FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.

WHEREAS

A. _____ [name of Organization] (the "Organization"), _____ [type of organization] established under the laws of California, and empowered to own property, borrow money, and give security for loans.

B. The California Department of Housing and Community Development (the "Department") is authorized to make loans for the purpose of financing mobilehome park conversion costs and to reduce the monthly housing costs for low-income residents to an affordable level.

C. The Organization wishes to obtain from the Department a loan or a commitment of funds for loans for the purpose of financing the costs of converting a mobilehome park to a form of resident participation or control and that ownership and reducing the monthly housing costs for low-income residents to an affordable level.

IT IS NOW RESOLVED THAT:

1. The Organization shall submit to the Department an application for a Mobilehome Park Resident Ownership Program loan or commitment of funds for a mobilehome park conversion project located at _____ [project address].
2. If the application is approved, the Organization is hereby authorized to incur indebtedness or accept a commitment of funds on behalf of the mobilehome park residents in an amount not exceeding \$_____ or an amount approved by the Department. to the Organization is authorized to enter into a standard agreement with the Department for the purposes set forth in the loan application. The Organization is also authorized to execute a promissory note and and other instruments necessary or required by the Department to evidence and secure the indebtedness.
3. The Organization is further authorized to request amendments, including increases in loan amounts or fund commitments up to amounts approved by the Department and to execute any and all documents required by the Department to evidence and secure these amendments.
4. The Organization authorizes _____ [office or position titles of authorized person(s)] to execute in the name of the Organization the loan application, standard agreement, promissory note, and security and other instruments necessary or required by the Department for the making and securing of the loan, and any amendments thereto.

PASSED AND ADOPTED THIS _____ day of _____, 19_____,
by the following vote:

AYES: _____ NAYS: _____ ABSTAIN: _____ ABSENT: _____

The undersigned _____ [title of officer] of the
Organization named above does hereby attest and certify that the foregoing is a true and full
copy of a resolution of the Governing Board adopted at a duly convened meeting on the date
above-mentioned, which has not been altered, amended, or repealed.

Signature

Date

NOTE: This is intended to be a model for resolutions authorizing loan applications, acceptance of MPROP funds, and execution of program documents. Applicants may use their own format if it contains substantially all the authorizations in this model. **The person/signatory attesting to the adoption of the resolution should not be the same person authorized in paragraph 4 to represent the organization. To avoid the need for further amendments to the resolution, only the title of the person authorized to execute documents in the name of the organization should be entered in paragraph 4 above. For more than one signatory, use “or” instead of “and” unless all of the signatures of more than one signatory are required to execute documents.**

INCLUDE AS ATTACHMENT 38 – CERTIFICATE OF COMPLIANCE

CERTIFICATION OF COMPLIANCE

Project name: _____

Location: _____

I, _____, _____, the official
(Name) (Title)

designated by the governing body of:

(name of organization)

hereby certify that the information, statements, and attachments contained in this MPROP project application are, to the best of my knowledge and belief, true and correct.

By submitting this application for funding, I certify that at the time of this application, that the following conditions have been met:

1. No less than two-thirds of the resident households in the mobilehome park are in support of the conversion;
2. The applicant is a legally recognized entity;
3. The applicant is able to enter into a contract, and
4. is capable of suing or being sued.

(Signature)

(Title)

(Type name)

(Date)

MPROP Anti-Displacement Guidelines

January 1996

This summary is based on the Department's interpretation of the requirements contained in Health and Safety Code §50786(d)(2), Government Code §66427.5, and §8020 of the MPROP Regulations. Please note that Government Code §7260 et seq. imposes substantial additional requirements, beyond those described here, for parks purchased by public entities.

Parks Covered:

All parks, irrespective of interim or ultimate ownership structure.

Residents Protected:

All residents renting spaces in the park upon the Conversion Initiation Date, as defined below, or who move in during the conversion process, except for:

1. residents who purchase individual ownership interests in parks being converted to condominiums, planned unit developments, or cooperatives;
2. residents who move in after the Conversion Initiation Date, and who are provided with written notice of the conversion and acknowledge as part of their rental agreement that the terms of their occupancy are subject to change or termination prior to signing any occupancy agreement or moving in; and
3. residents occupying spaces on leases entered into prior to the Conversion Initiation Date, for the duration of those leases. (Following the expiration of their leases, residents are entitled to the applicable rent increase protection during the remainder of the protection period, as described below.)

Conversion Initiation Date:

Defined as the date on which purchase negotiations begin, as evidenced by a purchase offer or other communication conveying the buyer's intention to purchase the park. If the conversion involves interim ownership, this means the date of the first offer or other communication of intent by the interim ownership entity.

Excluded from consideration are purchase offers that do not lead to substantive negotiations, such as unsolicited offers to which there is no response.

Resident Rent Increase Protection:

Rent increases for non-purchasing households (for qualified nonprofit applicants, all households are non-purchasing) must be limited starting on the Conversion Initiation Date as follows:

For lower income households, and for as long as they reside in the park and continue to be lower income, rents may increase at an annual rate no greater than the lesser of:

- a. the average annual increase rate for rents in the park during the four years preceding the Conversion Initiation Date; or
- b. the average annual increase rate for the CPI (specifically, the CPI, Rent Residential for all Urban Consumers for the West).

For non-lower income households, rents may increase to market levels through equal, annual increases over a four year period, beginning on the Conversion Initiation Date. The allowable annual increase amount is calculated as shown in the following example:

| | | |
|-----|--|-------------|
| (1) | Market Rent for Similar, Non Rent-Controlled Spaces (as determined through an MPROP-approved appraisal) | \$400 |
| (2) | Less: Resident's Rent at Conversion Initiation Date | <u>-300</u> |
| (3) | Total Maximum Increase for Four Years [Line (1) minus Line (2)] | \$100 |
| (4) | Maximum Annual Increase Amount [Line (3) divided by Line (4)] | \$ 25 |

Any resident whose lease expires after the conversion of the park will be entitled to have their rent limited in accordance with these formulas after the expiration date.

Where a local ordinance controls post-conversion rents, and limits increases to amounts that are generally equal to or less than the amounts allowed under these guidelines for low-income residents, as noted above, compliance with the local ordinance provides an alternative means of satisfying MPROP's requirements regarding rent increases. MPROP's requirements do not preempt those contained in local ordinances.

Other Resident Protection:

Compliance with these guidelines assures that non-purchasing residents will not be economically displaced. Protected residents who can demonstrate that they were forced to move due to non-economic factors have the right to make relocation claims and may be entitled to relocation benefits under state relocation law.

Procedural Requirements:

Prior to funding, an anti-displacement plan must be prepared for Department review based on these guidelines. Where a local ordinance controls rents before and after the conversion, and limits increases to amounts that are generally equal to or less than the amounts allowed for low-income residents under these guidelines, the plan may be limited to verification of this fact. In other cases, the plan must:

1. be certified as accurate by the Local Public Entity;

2. be acknowledged by the park homeowners association, the approved property management agent, and any other parties retaining an ownership interest in the park;
3. contain the form of the notice sent to all potentially protected residents, clearly describing the limitations on their rent increases and other protection, and inviting them to submit evidence of their lower income status;
4. state that incomes were verified in accordance with MPROP's standard loan origination guidelines;
5. list all of the protected, or potentially protected, residents identified to date, and identify which ones have been qualified as lower income;
6. specify the Conversion Initiation Date, the rents in effect on that date, the average annual rent increase rate for the four years preceding the Conversion Initiation Date, the market rental levels used to calculate allowable rent increases, the maximum annual increase amount for each non-purchasing resident (or the formula to be used to compute this amount) and other information necessary for plan implementation;
7. include the source documentation used to establish the date and figures referenced in the preceding section; and
8. include the form(s) of resident leases or lease addendums incorporating rent increase provisions consistent with these guidelines.

MPROP DEFINITION OF GROSS INCOME

"Gross income" shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period may be used subject to a predetermination at the end of such a period. "Income" shall consist of the following:

A. Except as provided in subdivision (b), all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:

- 1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
- 2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
- 3) Interest and dividends;
- 4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
- 5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see subdivision (b)(3)).
- 6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (a) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (b) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,
- 7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
- 8) All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse (but see subdivision (b)(5)).
- 9) Income from any asset not described in 1 through 8.

B. The following items shall not be considered as income:

- 1) Casual, sporadic or irregular gifts;
- 2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;
- 3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
- 4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
- 5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
- 6) Relocation payments made pursuant to federal, state, or local relocation law;
- 7) Foster child care payments;
- 8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
- 9) Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.

(b) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

Note: Authority cited: Sections 50053 and 50093, Health and Safety Code. Reference: Sections 50052.5, 50053 and 50093, Health and Safety Code.

HEALTH AND SAFETY CODE
SECTION 50780-50786.5

§ 50780.

(a) The Legislature finds and declares as follows:

- (1) That manufactured housing and mobilehome parks provide a significant source of homeownership for California residents, but increasing costs of mobilehome park development and construction, combined with the costs of manufactured housing, the costs of financing and operating these parks, the low vacancy rates, and the pressures to convert mobilehome parks to other uses increasingly render mobilehome park living unaffordable, particularly to those residents most in need of affordable housing.
- (2) That state government can play an important role in addressing the problems confronted by mobilehome park residents by providing supplemental financing that makes it possible for mobilehome park residents to acquire the mobilehome parks in which they reside and convert them to resident ownership.
- (3) That a significant number of older mobilehome parks exist in California, the residents of which may collectively lack the experience or other qualifications necessary to successfully own and operate their parks; that these parks provide low-cost housing for their residents that would be difficult to replace if the parks were converted to other uses; that these parks are more likely than other parks to be threatened by physical deterioration or conversion to other uses; and that it is, therefore, appropriate to use the resources of the fund pursuant to this chapter to transfer these parks to ownership by qualified nonprofit housing sponsors or by local public entities for the purpose of preserving them as affordable housing.

(b) Therefore, it is the intent of the Legislature, in enacting this chapter, to encourage and facilitate the conversion of mobilehome parks to resident ownership or ownership by qualified nonprofit housing sponsors or by local public entities, to protect low-income mobilehome park residents from both physical and economic displacement, to obtain a high level of private and other public financing for mobilehome park conversions, and to help establish acceptance for resident-owned, nonprofit-owned, and government-owned mobilehome parks in the private market.

§ 50781.

Unless the context otherwise requires. The following definitions given in this section shall control construction of this chapter:

- (a) “Affordable” means that, where feasible, low-income residents should not pay more than 30 percent of their monthly income for housing costs.
- (b) “Conversion costs” includes the cost of acquiring the mobilehome park, the costs of planning and processing the conversion, the costs of any needed repairs or rehabilitation, and any expenditures required by a governmental agency or lender for the project.

- (c) “Department” means the Department of Housing and Community Development.
- (d) “Fund” means the Mobilehome Park Purchase Fund created pursuant to Section 50782.
- (e) “Housing costs” means the total cost of owning, occupying, and maintaining a mobilehome and a lot or space in a mobilehome park. The department regulations shall specify the factors included in these costs and may, for the purposes of calculating affordability, establish reasonable allowances.
- (f) “Individual interest in a mobilehome park” means any interest that is fee ownership or a lesser interest that entitles the holder to occupy a lot or space in a mobilehome park for a period of not less than either 15 years or the life of the holder. Individual interests in a mobilehome park include, but are not limited to, the following:
 - (1) Ownership of a lot or space in a mobilehome park or subdivision.
 - (2) A membership or shares in a stock cooperative, as defined in Section 11003.2 of the Business and Professions Code, or a limited equity housing cooperative, as defined in Section 33007.5 of this code.
 - (3) Membership in a nonprofit mutual benefit corporation that owns, operates, or owns and operates the mobilehome park.
- (g) “Low-income resident” means an individual or household that is a lower income household, as defined in Section 50079.5. However, personal assets shall not be considered in the calculation of income, except to the extent that they actually generate income.
- (h) “Low-income spaces” means those spaces in a mobilehome park operated by a resident organization, a qualified nonprofit housing sponsor, or a local public entity that are occupied by low-income residents.
- (i) “Mobilehome park” means a mobilehome park, as defined in Section 18214, or a manufactured home subdivision created by the conversion of a mobilehome park, as defined in Section 18214, including a senior park, to resident ownership or ownership by a qualified nonprofit housing sponsor or local public entity.
- (j) “Program” means the Mobilehome Park Resident ownership Program.
- (k) “Qualified nonprofit housing sponsor” means a nonprofit public benefit corporation, as defined in Part 2 (commencing with Section 5110) of Division 2 of the Corporations Code, that (1) has received its tax-exempt status under Section 501(c) (3) of the Internal Revenue Code, (2) is not affiliated with or controlled by a for-profit organization or individual, (3) has extensive experience with the development and operation of publicly subsidized affordable housing, (4) the department determines is qualified by experience and capability to own and operate a mobilehome park that provides housing affordable to low-income households, and (5) has formal arrangements for ensuring resident participation or input in the management of the park that may include, but not be limited to, membership on the board of directors.

- (l) “Resident organization” means a group of mobilehome park residents who have formed a nonprofit corporation, cooperative corporation, or other entity or organization for the purpose of acquiring the mobilehome park in which they reside and converting the mobilehome park to resident ownership. The membership of a resident organization shall include at least two-thirds of the households residing in the mobilehome park, or in each park of a combination of parks where the residents of two or more parks combine to form a single resident organization. The two-thirds of households in the resident organization at the time of funding the park need not be the same households that were residing in the park when the application for assistance was submitted to the department. A household’s membership in the resident organization when the application was submitted to the department shall not be a requirement for that household to receive a loan or assistance under this chapter.
- (m) “Resident ownership” means, depending on the context, either the ownership by a resident organization of an interest in a mobilehome park that entitles the resident organization to control the operations of the mobilehome park for a term of no less than 15 years, or the ownership of individual interests in a mobilehome park, or both.

§ 50782.

The Mobilehome Park Purchase Fund is hereby created in the State Treasury and, notwithstanding Section 13340 of the Government Code or any other provisions of law, is continuously appropriated to the department for the purpose of providing loans pursuant to this chapter and for related administrative costs of the department. Notwithstanding Section 16305.7 of the Government Code, any moneys received by the department pursuant to this chapter, any other sources, repayments, interest, or new appropriations shall be deposited in the fund. Money in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except the Surplus Money Investment Fund. The department may require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. Notwithstanding Section 16305.7 of the Government code, all interest, dividends, and pecuniary gains from the investments shall accrue to the fund.

§ 50783.

- (a) The department may make loans from the fund to resident organizations for the purpose of financing mobilehome park conversion costs.
- (b) Loans provided pursuant to this section shall be for a term of no more than three years and shall bear interest at a rate of 3 percent per annum.
- (c) Loans provided pursuant to this section shall be for the minimum amount necessary to enable a resident organization to acquire and convert the mobilehome park. To the extent possible, the loan amount shall not exceed 50 percent of the approved conversion costs. However, the loan amount may be for up to 95 percent of the approved conversion costs attributable to the low-income households in the park when approved by the department.

- (d) The department may grant approval to exceed 50 percent of the approved conversion costs only where both of the following are demonstrated:
 - (1) That the applicant has made an effort to secure additional funds from other sources and these funds are not available.
 - (2) That the project would not be feasible, as determined by the department, without a waiver of the 50 percent financing limitation.
- (e) The total secured debt in a superior position to the department's loan plus the department's loan shall not exceed the value of the collateral securing the loan.

§ 50784.

- (a) The department may make loans from the fund to
 - (1) individual low-income residents of mobilehome parks that have converted to resident ownership,
 - (2) resident organizations that have converted or plan to convert a mobilehome park to resident ownership, or
 - (3) qualified nonprofit housing sponsors or local public entities that plan to acquire a mobilehome park, provided that no less than 30 percent of the spaces in the park are for occupancy by manufactured homes owned by low-income residents. The purpose of providing loans pursuant to this section is to reduce the monthly housing costs for low-income residents to an affordable level.
- (b)
 - (1) Any mobilehome park purchased by a local public entity with a loan pursuant to this section shall be transferred to a nonprofit housing sponsor or resident organization that has converted, or plans to convert, the park to resident ownership no later than three years from the date of loan closing, with all obligations under the loan assumed by the nonprofit organization or resident organization.
 - (2) If a local public entity has made a good faith effort, but has not been able , to transfer the park by the end of the three-year period, the entity may apply to the department for an additional three-year extension. Upon a determination by the department that the local public entity has made a good faith effort to transfer the park in accordance with paragraph (1), it shall have an additional three years from the expiration date of the first three-year period to consummate the transfer. The three-year extension shall only be granted once by the department for each loan to a local public entity.
 - (3) Where a local public entity fails to make a good faith effort to transfer the park within the first three-year period, as determined by the department, or fails to transfer the park by the expiration date of the extended three-year period, it shall repay the loan in full to the department.

- (c) Loans provided pursuant to this section shall be for a term of no more than 30 years and shall bear interest at a rate of 3 percent per annum.
- (d) The department may establish flexible repayment terms for loans provided pursuant to this section if the terms are necessary to reduce the monthly housing costs for low-income residents to an affordable level, and do not represent an unacceptable risk to the security of the fund. Flexible repayment terms may include, but are not limited to, graduated payment schedules with negative amortization.
- (e) Loans provided to low-income residents pursuant to this section shall be for the minimum amount necessary to reduce the borrower's monthly housing costs to an affordable level. All of the following shall apply to loans to finance individual interests pursuant to this section:
 - (1) To the extent possible, loan amounts shall not exceed 50 percent of the acquisition costs of the individual interests in the mobilehome parks. However, the loan amounts may be for up to 95 percent of the acquisition costs of the individual interests in the mobilehome parks when approved by the department.
 - (2) The department may grant approval to exceed 50 percent of the acquisition costs of the individual interests only where both of the following are demonstrated:
 - (A) That the low-income resident has made an effort to secure additional funding from other sources and these funds are not available.
 - (B) That the low-income resident would be unable to purchase an individual interest without a waiver of the 50 percent financing limitation.
 - (3) The total indebtedness of the loan provided pursuant to this section plus any senior debt upon individual interests may not exceed 95 percent of the value of the collateral securing the loan.
- (f) Loans provided to resident organizations, qualified nonprofit housing sponsors, or local public entities pursuant to this section shall be for the minimum amount necessary to reduce the monthly housing costs of low-income residents to an affordable level. All of the following shall apply to loans made to resident organizations, qualified nonprofit housing sponsors, or local public entities pursuant to this section:
 - (1) To the extent possible, loan amounts shall not exceed 50 percent of the conversion costs attributable to the low-income spaces. However, the loan amounts may be for up to 95 percent of the conversion costs attributable to the low-income spaces when approved by the department.
 - (2) The department may grant approval to exceed 50 percent of the conversion costs attributable to low-income spaces only where both of the following are demonstrated:
 - (A) That the applicant has made an effort to secure additional funds from other sources and these funds are not available.

(B) That the project would not be feasible as determined by the department without a waiver of the 50 percent financing limitation.

(3) The total secured debt in a superior position to the department's loan plus the department's loan shall not exceed the value of the collateral securing the loan.

(g) Funds provided pursuant to this section shall not be used to:

(1) assist residents who are not of low income,

(2) reduce monthly housing costs for low-income residents to less than 30 percent of their monthly income, or

(3) facilitate the purchase of a park by a qualified nonprofit corporation or local public entity from a public entity that had acquired the park prior to the commitment of the loan from the program.

(h) Subject to the restrictions of this subdivision, funds provided pursuant to this section may be used to finance the costs of relocating a mobilehome park to a more suitable site within the same jurisdiction if the department determines that the cost of the relocation, including any and all relocation costs to the affected households, is a more prudent expenditure of funds than the costs of needed or repetitive repairs to the existing park. Funds provided pursuant to this section shall not be used to relieve a park owner of any responsibility for covering the costs of mitigating the impacts of a park closure as may be provided for by local ordinance or pursuant to Section 65863.7 of the Government Code.

§ 50785.

(a) In determining the eligibility for and amount of loans pursuant to Section 50783 and 50784, the department shall take into consideration, among other factors, all of the following:

(1) The reasonableness of the conversion costs relating to repairs, rehabilitation, construction, or other costs.

(2) Any administrative and security factors affecting the department's program operation and administration.

(3) Whether or not the projects complement the implementation of a local housing program to preserve or increase the supply of housing for persons and families of low or moderate income.

(4) Whether or not the projects complement the implementation of local housing for persons and families of low or moderate income.

(5) Whether or not state funds are utilized in the most efficient and effective manner.

- (6) In the case of a loan to a qualified nonprofit housing sponsor or to a local public entity, evidence of resident participation in the conversion and management of the park, in the form of either resident participation on the board of directors of the entity that acquires ownership of the park, or the establishment of, and consultation with, a permanent resident advisory board.
- (b) To the extent consistent with requests for assistance, the department shall allocate funds available for the purposes of this chapter throughout the state in accordance with identified housing needs, including seeking to allocate not less than 20 percent to rural areas.

§ 50786.

- (a) The department shall adopt regulations for the administration and implementation of this chapter.
- (b) The department shall obtain the best available security for loans made pursuant to this chapter. The security may include a note, deed of trust, assignment of lease, or other form of security on real or personal property which the department determines is adequate to protect the interests of the state. To the extent applicable, these documents and any regulatory provisions shall be recorded or referenced in a recorded document in the office of the county recorder of the county in which the mobilehome park is located.
- (c) The degree of continuing regulatory control with respect to park operations and resident loans exercised by the department in making loans pursuant to this chapter shall be commensurate with the level of financial assistance provided and in all cases shall be adequate to protect the state's security interest and ensure the accomplishment of the purposes of the program authorized by this chapter. The regulatory requirements shall be set forth in a regulatory agreement, deed of trust, or other lien, and any violation of these requirements shall be considered a violation of a security document. Where loans are made to a qualifying nonprofit housing sponsor or local public entity, a regulatory agreement shall be recorded against the mobilehome park. This regulatory agreement shall contain provisions limiting occupancy, rents, and park operation for the original loan term. The department may release individual spaces from the regulatory agreement only if they are purchased by low-income residents who occupy them.
- (d) Before providing financing pursuant to this chapter, the department shall require provision of, and approve, at least all of the following:
 - (1) Verification at the time of application and prior to funding that at least two-thirds of the households residing in the mobilehome park support the plans for acquisition and conversion of the park.
 - (2) Verification that either no park resident shall be involuntarily displaced as a result of the park conversion or the impacts of the displacement shall be mitigated as required under state and local law. For purposes of this requirement, compliance with Section 66427.5 of the Government Code shall be conclusively presumed to have mitigated economic displacement.

- (3) Verification that the conversion is consistent with local zoning and land use requirements, other applicable state and local laws, and regulations and ordinances.
 - (4) Projected costs and sources of funds for all conversion activities.
 - (5) Projected operating budget for the park during and after the conversion.
 - (6) A management plan for the conversion and operation of the park.
 - (7) If necessary, a relocation plan for residents not participating that is in compliance with Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code.
- (e) The department shall, to the greatest extent feasible, do all of the following:
- (1) Require participation by cities and counties in loan applications submitted pursuant to this chapter.
 - (2) Contract with private lenders or local public entities to provide program administration and to service loans made pursuant to this chapter.
 - (3) Give priority to applications for resident-owned parks.

§ 50786.5.

Notwithstanding any other provision of this chapter, where a city, county, or other local governmental entity has acquired a mobilehome park for the purpose of converting the park to resident ownership, and the department has entered into a binding agreement for the commitment of funds to the project, the department shall not require that more than a simple majority of households residing in the park actually purchase, or have opened escrow to purchase, interests or spaces in the park actually purchase, or have opened escrow to purchase, interests or spaces in the park as a condition of disbursement of funds for loans made pursuant to Section 50784 to qualified individual households.

May 11, 2001

REGULATIONS OF THE DEPARTMENT
OF HOUSING AND COMMUNITY DEVELOPMENT

CALIFORNIA CODE OF REGULATIONS, TITLE 25

PART 1, CHAPTER 7

SUBCHAPTER 13. MOBILE HOME PARK RESIDENT OWNERSHIP PROGRAM

HCD INFORMATION ONLY

Article 1. General

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Article 1. General

8000. Scope and Authority

These regulations establish the Mobilehome Park Resident Ownership Program and the policies and procedures for the allocation and use of financial assistance from the Mobilehome Park Purchase Fund consistent with the objectives and requirements of the statutes. The department may provide financing from the fund for the following types of program loans:

- (a) conversion loans, pursuant to Section 8006;
- (b) blanket loans, pursuant to Section 8008; and
- (c) individual loans, pursuant to Section 8010.

NOTE: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2, 50780, 50781, 50783 and 50784, Health and Safety Code.

8002. Definitions

In addition to the definitions found in Section 50781 and Chapter 2 (commencing with Section 50050) of the Health and Safety Code, the following terms and definitions shall apply to this subchapter.

"Affordable housing costs" means that the housing costs for a low-income resident shall not exceed 30 percent of that resident's monthly gross income unless the department approves an amount exceeding this standard based on one or more of the following conditions which provide overriding and special reasons for exceeding this goal:

- a. the project would be financially infeasible without housing costs in excess of this standard due to factors such as lenders' more stringent underwriting requirements for park conversions, lack of adequate financial assistance, unique factors which limiting project rental income, exceptional conversion costs beyond the control of the residents, or other similar extraordinary factors approved by the department; or
- b. a satisfactory credit record has been maintained by the household, and the household has demonstrated an ability to sustain the proposed housing expense; or the department determines that the eligible household can assume such greater responsibility based on an analysis of future anticipated income or reduction in debt.

If the 30 percent of income standard cannot be achieved, under no circumstances shall the housing costs of a low-income resident exceed the greater of 40 percent of the resident's gross monthly income or the resident's housing costs prior to the conversion.

"Code" means the California Health and Safety Code.

"Committee" means the committee designated by the director pursuant to Subchapter 1 (commencing with Section 6900) of Chapter 6.5 of this Part.

"Equity" means a cash contribution or interest in the property pledged as collateral, but does not include secured debt junior to the department's loan.

"Gross income" means all income as defined by Section 6914 of this Part received by a resident except that the value of net family assets shall be limited to the actual amount of income derived from those assets.

"Housing costs" means the housing cost of a purchaser as defined in Section 6920 of this Part.

"Individual interest" means an individual interest in a Mobilehome park as defined in Section 50781 (f) of the Code.

"Loan Originator" means an entity approved by the department to underwrite or originate loans, or evaluate the eligibility of applicants for program assistance.

"Local public entity" has the same meaning as set forth in Section 50079 of the Code.

"Low-income resident" means a person or household who is a resident of the mobilehome park and who is a lower income household as defined in Section 50079.5 of the Code and Subchapter 2 of Chapter 6.5 of this Part, with the exception that gross income shall be calculated pursuant to the definition in this subchapter.

"Mobilehome" means any of the following:

- a) a Mobilehome as defined in Section 18008 of the Code,
- b) a manufactured home as defined in Section 18007 of the Code,
- c) a recreational vehicle as defined in Section 18010 of the Code, and
- d) factory-built housing as defined in Section 19971 of the Code.

"Mobilehome park" means mobilehome park as defined in Section 50781 (i) of the code.

"Mortgage lender" means a bank or trust company, mortgage banker, federal or state chartered savings and loan association, credit union or other financial institution, or a local public entity.

"Need for Assistance" means the amount of program assistance required to achieve affordable housing costs for low-income residents.

"Program" means the Mobilehome Park Resident Ownership Program.

"Project" means a mobilehome park which has received a loan commitment or loan pursuant to this subchapter.

"Qualified nonprofit housing sponsor" means a nonprofit housing sponsor as defined in Section 50781 (k) of the Code.

"Rehabilitation" means substantial repairs and improvements to the project which are necessary to a) conform with legally authorized requirements of state or local government in order to receive approval to convert the park to resident ownership, b) meet reasonable and minimum property standards established by a lender for the project, and c) alleviate all substandard conditions which violate the Mobilehome Parks Act, Section 18200, et. seq., of the Code.

"Resident" means an individual or household who actually resides in a mobilehome park as that person's principal residence.

"Resident organization" means an organization of mobilehome park residents which has all of the following characteristics:

- a) is a legally recognized entity;
- b) is able to enter into a contract;
- c) is capable of suing or being sued; and
- d) may include residents from more than one park; and
- e) has as members no less than two-thirds of the residents from each park that is represented by the organization.

"Resident ownership" means the ownership of an interest in a mobilehome park by a resident organization, which entitles the resident organization to regulate the operations of the mobilehome park for a term of no less than 15 years, or the ownership of individual interests by residents in a mobilehome park, or both.

"Rural area" means an area as defined in Section 50101 of the Code.

NOTE: Authority cited: Sections 50406(n) and 50786(a) Health and Safety Code. Reference: Sections 18008, 18007, 18010, 18200, et. seq., 19971, 50050 through 50105, 50406, 50780, 50781, 50782, 50783, 50784, 50785, 50786, and 50786.5, Health and Safety Code; Sections 6900, et seq., Title 25, Administrative Code.

Article 2. Program Requirements

8004. General Provisions

- (a) The department shall make loans to eligible borrowers for eligible projects pursuant to this subchapter on a competitive basis. Program loans shall be subject to terms and conditions which meet the requirements of the Code and this subchapter. Loans shall be secured by the best available security. In all cases, the term of any loan shall not exceed the lesser of either the term of the ownership interest or the economic life of the property.

Program loans shall bear interest at the rate of three percent (3%) simple interest per annum, unless a different statutory rate is specified. Monthly payments shall be required for all loans unless an alternative repayment schedule is approved pursuant to subsection (d). The department may assess late fees or penalties for late payments not to exceed more than 5 percent of the scheduled payment. Loans provided pursuant to this subchapter shall not be assumable by another borrower, except where the department determines that an assumption by another eligible borrower is necessary to prevent a financial loss. The terms of assumption may be different than originally underwritten and offer the greatest opportunity for full repayment as determined by the department.

- (b) In order to be eligible to apply for assistance pursuant to this subchapter, a project must be a mobilehome park in which at least one low-income household is a resident. Parks to be acquired by nonprofit housing sponsors and local public entities must have the support of at least two-thirds of the residents living in the park in order to be eligible to apply for program funding. In a resident owned park, the resident organization must have the support of at least 2/3rds of the residents at the time of application, and 2/3rds of the residents must participate as members of the resident organization at the time of funding. The park upon completion of the conversion must meet the minimum standards of the Mobilehome Parks Act. Eligible project costs may include conventionally constructed dwellings and nonresidential structures provided that such structures and the underlying land are used by the resident organization as common recreational facilities, office or storage space, or which generate revenue for the benefit of all residents of the park, or which serve other purposes available to all residents of the park.
- (c) The department shall establish maximum limits on the amount of funds which may be committed to a project pursuant to this subchapter. The maximum loan limit for any single project shall be based upon factors such as the amount of funds available, anticipated program revenue, the required rural set-aside, and the size of anticipated or pending loan applications. The limitation on commitment size will be specified in each request for proposals and approved by the Director when it is issued for this program.
- (d) The department may consider requests for alternative repayment schedules for program loans from applicants and borrowers. Such requests shall propose the repayment schedule desired and provide evidence that an alternative schedule is necessary for the financial feasibility of the project and/or to achieve affordable housing costs. The department may approve the request, in whole or in part, if the need is demonstrated and the program's security interest will be adequately protected through the alternative schedule. The decision to approve an alternative repayment schedule shall be within the sole discretion of the department. All loan applications for conversion or blanket loans that request an alternate repayment schedule shall be reviewed by the committee prior to the director's approval.

- (e) Program funds may not be used to facilitate the purchase of a park by a qualified nonprofit corporation or a local public entity from a public entity that acquired the park prior to the commitment of the loan from the program.

NOTE: Authority Cited: Sections 50406(n) and 50786(a), Health and Safety Code. References: Sections 18200, et. seq. 50406, 50406.2, 50783, 50784 and 50786, Health and Safety Code.

8006. Conversion Loans

- (a) Conversion loans from the fund shall provide short term financing for conversion costs to resident organizations, qualified nonprofit housing sponsors, and local public entities. Conversion loans shall not exceed any of the following:

- 1) To the extent possible, 50 percent of the conversion costs for the project. However, the loan may be up to 95 percent of the approved conversion costs attributable to the percentage of lower income households in the park when approved by the department.
- 2) The maximum loan amount established in each request for proposals pursuant to Section 8004(c).

In addition, the total debt secured in a senior position to the department's loan plus the department's loan shall not exceed the value of the collateral securing the loan. The amount of any item of conversion cost shall be subject to department approval based on its necessity, reasonableness, eligibility, and impact on the financial feasibility and security of the project. The loans shall have a maximum term of three years. Borrowers shall make monthly payments of interest only during the loan term unless an alternative repayment term has been approved pursuant to Section 8004(d) and shall repay the loans upon the recordation of permanent financing documents to complete the conversion of the project.

- (b) Conversion loans shall provide only supplemental interim financing for conversion costs directly related to the conversion and shall be prorated or limited pursuant to subdivision (a). Conversion loans may be used for conversion costs including, but not limited to, the following items to the extent approved by the department:

- (1) the acquisition cost of the mobilehome park;
- (2) loan origination, appraisal, inspection, and other related financing costs;
- (3) title and escrow fees, recording fees, and other related closing costs;
- (4) engineering, legal and other professional fees;

- (5) expenditures required to obtain governmental approvals;
 - (6) relocation costs pursuant to Section 8020;
 - (7) rehabilitation costs; and
 - (8) contingency funds.
- (c) Conversion loans to local public entities shall comply with the following requirements in addition to those requirements in subdivision (a) and (b):
- (1) Program commitments to local public entities must be made prior to the acquisition of the park:
 - (2) At the time of funding the park to be acquired must have at least 30% low income residents;
 - (3) Resident participation must be ensured by either resident representation on the Board of Directors of the entity that acquires permanent ownership of the park or by representation on a permanent resident advisory board.
 - (4) Where a park is acquired by a local public entity for transfer to a nonprofit sponsor or resident organization, the transfer must occur within 3 years or the loan must be repaid in full to the department. An additional 3 years may be granted upon a determination by the department that a good faith effort to transfer the park has been made.
 - (5) Where loans are made to a qualifying nonprofit housing sponsor or a local public entity, a regulatory agreement which regulates occupancy, rents and park operations shall be recorded.

NOTE: Authority Cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50781(b), 50783, 50784, 50785 (a)(5), 50786(c), and Health and Safety Code.

8008. Blanket Loans

- (a) Blanket loans from the fund shall provide long term permanent financing to resident organizations, qualified nonprofit housing sponsors and local public entities for the purpose of achieving affordable housing costs for low-income residents.

The loans shall not exceed any of the following:

- 1) To the extent possible, 50 percent of the conversion costs attributable to low-income spaces. The department may approve loan amounts up to 95 percent of the approved conversion costs attributable to the percentage of lower income households in the park. The department may grant the higher loan amounts only if the project applicants demonstrate that no other funds are available and the project would not otherwise be feasible.
- 2) the aggregate need for assistance of low-income residents who possess the tenancy rights of Sections 798.12 of the Civil Code. The amount approved for a blanket loan, as a percentage of the total project cost, shall not exceed the percentage of park residents who are low income.
- 3) the loan limit established pursuant to Section 8004(c).

Projects receiving blanket loans shall have department-approved programs of assistance for low-income residents. A program of assistance shall establish the financial mechanism used by a resident organization to direct the benefits of a blanket loan to low-income residents, which may include, but is not limited to rent skewing and internal loans. The amount of any item eligible for funding with a blanket loan shall be subject to department approval based on its necessity, reasonableness, eligibility, and impact on the financial feasibility and security of the project.

Blanket loans shall not have terms in excess of 30 years. The loans shall have monthly payments amortized over the term of the loan unless an alternative repayment schedule has been approved pursuant to Section 8004(d). In addition, the total debt secured in a senior position to the department's loan plus the department's loan shall not exceed the value of the collateral.

- (b) Blanket loans may provide funds to eligible borrowers for the following eligible costs, to be prorated or limited pursuant to subdivision (a):
 - (1) to repay a conversion loan or replace interim or short-term financing that was used to acquire or rehabilitate the park. For purposes of this subchapter, "short-term" means not over three years;
 - (2) to pay, to the extent approved by the department, any costs eligible for conversion loans listed in subdivision 8006(b);
 - (3) to establish operating reserves;
 - (4) to provide long-term financing for a project;
 - (5) to supplement other public or private financing;

- (6) to enable low-income residents to obtain individual interests; and or
 - (7) to enable low-income residents to remain in the project.
 - (8) subject to Section 50784(h) of the Code, program funding may be used to finance the cost of relocating the residents of a mobilehome park to a more suitable site within the same jurisdiction.
 - (9) to pay developer fees for qualified nonprofit housing sponsors, not to exceed tax credit limits if the project receives federal tax credits, or if the project does not receive tax credits, five percent of total project cost or \$100,000, whichever is greater.
- (c) Nonprofit Housing Sponsors shall comply with the following requirements in addition to those in subdivision a and b:
- (1) The parks must have at least 30% low income residents at the time of funding.
 - (2) Parks that are acquired by a nonprofit housing sponsor shall ensure resident participation by either having resident representation on their Board or by establishment of a permanent resident advisory board.

NOTE: Authority Cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2 50784, and 50785(a)(5), Health and Safety Code; Sections 798.12 and 799.45(b), Civil Code.

8010. Individual Loans

Individual loans from the fund shall provide long term permanent financing to low-income residents for the purposes of acquiring an individual interest and achieving affordable housing costs. In order to be eligible for an individual loan, a low-income resident must possess the tenancy rights of Sections 798.12 of the Civil Code, or have entered into one or more agreements to rent and occupy a park space and mobilehome prior to project application. The loans shall not exceed any of the following: 1) To the extent possible, 50 percent of the acquisition cost of the individual interests including nonrecurring closing costs, 2) the need for assistance or 3) the maximum loan amount established pursuant to Section 8004(c). However, the loan amount may be approved for up to 95 percent of the approved acquisition costs of the individual interest in the park if the lower income resident can demonstrate that no other funding is available and the purchase would not otherwise be feasible. In addition, borrowers of individual loans shall possess no less than 5 percent equity in the collateral securing the loan. For the purposes of this section, equity does not include secured debt junior to the department's loan. The amount of any item eligible for funding with an individual loan shall be subject to department approval based on its necessity, reasonableness, eligibility and impact on the financial feasibility and security of the project. Individual loans shall not have terms in excess of 30 years. The loans shall have monthly payments amortized over the term of the loan unless an alternative repayment schedule has been approved pursuant to Section 8004(d).

Where a local public entity acquires a park and applies for program assistance for the purchase of individual interests, the program may make individual loans when a simple majority of households residing in the park actually purchase, or have opened escrow to purchase, interests or spaces in the park.

NOTE: Authority Cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2, 50781, 50784, and 50786.5; Health and Safety Code; Section 798.12 and 799.45(b), Civil Code.

Article 3. Application and Funding Procedures

8012. Applications for Loan Commitments

- (a) The department shall award loan commitments through the issuance of requests for proposals. Applicants may submit applications for loan commitments only in response to a request for proposals issued by the department. A single application shall be submitted for a commitment for all program loans desired for the project.
- (b) Department forms shall be used for applications which shall include the following:
 - (1) evidence of the eligibility of the applicants, project, and all activities;
 - (2) a description of the project and how program funds will be used;
 - (3) a detailed plan and schedule for implementing and administering the project;
 - (4) a detailed financial plan for the project which identifies the anticipated sources of all financing and the proposed specific uses for program funds;
 - (5) the qualifications of the parties implementing and administering the project;
 - (6) evidence or a certification of compliance with relevant state and local laws and ordinances, or a detailed description of how and when compliance will be achieved;
 - (7) evidence signed by a representative of the local government that the project complements the implementation of a local housing program to preserve or increase the supply of housing for persons and families of low and moderate income, and will be consistent with local zoning and land use policies upon completion.
 - (8) evidence that the resident organization has site control which means the right or ability to obtain possession of the mobilehome park for a period of not less than 15 years. Such evidence includes, but is not limited to, an executed contract to purchase, an executed irrevocable option agreement, or a written agreement from the property owner to convert the mobilehome park to resident ownership;

- (9) a program of assistance for low-income residents if a blanket loan is requested;
 - (10) a statement concerning the potential for displacement of residents from the project and a plan to provide specific mitigation measures or relocation benefits consistent with Section 8020,
 - (11) a commitment from a loan originator selected by the applicant or a plan for selecting a loan originator to originate individual loans if the application is exclusively for such loans;
 - (12) written authorization from the applicant's governing board in the form of a certified resolutions to submit an application for a loan commitment;
 - (13) any commitments from the local public entity and/or other sources to provide financial and other assistance to the project; and
 - (14) other information required by the department to determine the eligibility of, evaluate the feasibility of, and rank the project.
- (c) The department shall have sole discretion to approve or disapprove the adequacy of each item in the application based on the criteria for review in Section 8014. Where the department concludes that information is inadequate it may return applications for additional information or reject applications if it deems that the inadequacies cannot be cured within a reasonable time.
- (d) The department shall condition any release of funds on completion of any items which are not completed at the time of application.

NOTE: Authority Cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2 and 50786, Health and Safety Code.

8014. Review and Ranking of Projects

- (a) The department shall rank applications and award funds based upon the following criteria:
- (1) the extent to which the project achieves the goal of limiting housing costs for low-income residents to 30 percent of gross monthly income;
 - (2) the extent to which there will be no involuntary displacement from the project;
 - (3) the extent to which the project is prepared to convert based upon the speed and ease with which the project can be completed once funds are awarded;
 - (4) the capacity of the borrower, loan originator, consultants and other parties to complete the project and fulfill the requirements established for the program by this subchapter;
 - (5) the extent to which the proposed ownership structure provides long-term security of tenure;

- (6) the extent to which the project complements local programs or plans to preserve or increase the supply of low-and moderate-income housing and mobilehome park spaces;
 - (7) the degree of support provided to the project by the residents, local government and other parties;
 - (8) the financial feasibility of the whole project, including the rents from all residents and their relationship to reasonable market rents, the total cost of conversion and operation, and other factors which relate to the security of the department's loans;
 - (9) the extent to which program funds will be used in the most efficient manner to assist the maximum number of low-income residents;
 - (10) the extent to which the project has the lowest possible costs given program requirements and local market conditions;
 - (11) the extent to which the project will receive below market financing and other assistance, including the value of administrative functions provided by a local public entity pursuant to Section 8018(c). The department shall take into account the resources which are available to the local public entity when considering this factor;
 - (12) the allocation of funds throughout the State pursuant to Section 50785 of the Code-and
 - (13) the awarding of additional points for applications from resident owned parks.
- (b) In each request for proposals, the department shall allocate no less than 20 percent of the funds available for this program to rural areas. In the event that there is an inadequate number of rural project applications that are feasible based on the factors in subsection (a), the department may make additional awards to non-rural projects.

NOTE: Authority Cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2, 50780, 50785 and 50786, Health and Safety Code.

8016. Approval of Projects and Commitment of Funds

- (a) Program staff shall review applications for loan commitments and prepare recommendations based on the above factors. Applicants shall be notified of the staff recommendation and of the date and time that the committee will consider their applications.
- (b) The committee shall evaluate applications and make recommendations to the director pursuant to Section 6904 of this Part.

(c) The director shall review the committee recommendations and approve, approve with amendments, or disapprove the applications. The director's decision shall be final. Written notification of the approval of an application shall constitute a conditional loan commitment from the fund.

(d) The department shall inform the applicant in writing of the director's decision. An approval shall set forth the terms and conditions, if any, placed on the approval.

NOTE: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2 and 50786, Health and Safety Code; Section 6904, Title 25, Administrative Code.

Article 4. Program Operations

8020. Displacement and Relocation

- (a) The project shall ensure that no resident is involuntarily displaced from the project without proper notice, assistance and compensation. A resident who is offered an opportunity to remain in the park after the conversion through continuation of the tenancy at generally the same terms as existed prior to conversion, shall not be considered involuntarily displaced.
- (b) In all situations where a resident may be involuntarily displaced, the following shall apply:
 - (1) The project shall comply with the Mobilehome Residency Law, Section 798, et. seq., of the Civil Code.
 - (2) Where the park is converted pursuant to the Subdivision Map Act, Division 2 of Title 7 of the Government Code, the project shall comply with Section 66427.4 and Section 66427.5 of the Government Code. For the purposes of this section, the term preconversion rent as used within Government Code Section 66427.5 shall mean for public entity acquisitions those rents which were in effect at the time of the initiations of the negotiations; or for resident organization or nonprofit entity acquisitions those rents which were in effect at the time of the initial agreement for sale. For the purpose of calculating allowable rent levels which may be charged pursuant to Government Code Section 66427.5(d)(1), project sponsors may achieve market rents over the permissible four-year period through equal annual increases. The amounts of such equal annual increases are to be calculated based on the difference between the pre-conversion rents and market rents at the time of conversion. To the extent that the rent levels at the end of the fourth year lag behind market rents at that time, rents may be raised to current market levels in the fifth year.
 - (3) Where the park is converted to a limited-equity housing cooperative pursuant to Section 33007.5 of the Code, the project shall comply with Section 65863.7 of the Government Code.

- (4) Where applicable, the project shall provide assistance and payments consistent with the requirements of the Relocation Act Section 7260, et. seq., of the Government Code and the relocation guidelines contained in Chapter 6 (commencing with Section 6000) of Part 1 of this Title.
- (5) The project shall comply with all other applicable federal, state and local ordinances, laws, or regulations which have requirements in excess of those of this section.
- (c) Program funding may not be used to relieve a park owner of any responsibility for mitigating the impacts of a park closure on tenants.

NOTE: Authority Cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 33007.5, 50406, 50780(b), 50784 (h) and 50786(d)(2), Health and Safety Code; Section 798, et. seq., Civil Code; Sections 7260, et. seq., 65863.7 and 66427, Government Code; Section 6000, et. seq., Title 25, Administrative Code.

8022. Transaction Documents

- (a) Applicants shall submit all legal documents related to the conversion or operation of the project for department review and approval.
- (b) The department shall prepare and execute standard loan agreements with applicants who receive loan commitments pursuant to Section 8016(c). The standard agreement shall specify the terms and conditions which govern the loans and shall require the subsequent execution of conversion agreements, regulatory agreements, notes, and other instruments securing the department's interest.
- (c) The department may enter into conversion agreements with borrowers who receive conversion loans and may require other entities who have a vested interest in the projects to be a party to the agreements. The conversion agreements shall specify the terms and conditions governing the use of conversion loan funds and the funding of blanket and individual loans.
- (d) The department shall enter into regulatory agreements with borrowers who receive conversion or blanket loans and may require other entities who have a vested interest in the projects to be a party to the agreements. The regulatory agreements shall specify the terms and conditions governing the management and operations of the project and the program of assistance for low-income residents. For a qualifying nonprofit housing sponsor or local public entity, a regulatory agreement shall include but not be limited to provisions that regulate occupancy, rents, and park operations.

- (e) Borrowers shall execute promissory notes and deeds of trust and/or other instruments securing state loans as required by the department. The form and content of these documents shall ensure that the loans are adequately secured.

NOTE: Authority Cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2 and 50786, Health and Safety Code.

8024. Loan Origination and Servicing Agreements

- (a) The department shall require the project applicant to execute loan origination and/or servicing agreements with the loan originator specified by the project applicant and approved by the department. It shall be the responsibility of loan originators or loan servicers, where servicing responsibilities are not performed by the department to do the following:
 - (1) accept and review applications for blanket and individual loans and verify information pertaining to the applications;
 - (2) determine each applicant's eligibility for assistance and his/her credit worthiness and ability to make any required payments;
 - (3) make recommendations to approve or deny each application, determine the amount of assistance and submit these recommendations to the department for approval;
 - (4) prepare all loan documents and make necessary arrangements to close the loans;
 - (5) submit loan packages, and all documents determining assistance, including executed loan documents to the department subsequent to the close of escrow;
 - (6) transmit loan payments to the department according to a schedule established by the department;
 - (7) notify the department of defaults and delinquencies on program loans and loans which are senior to program loans; and
 - (8) enforce the terms of the notes and deeds of trust or other instruments securing repayment of the program loans.
- (b) Loan originators and loan servicers shall report to the department and provide certifications to the department concerning their compliance with the terms and conditions of the origination and/or servicing agreement. The department shall periodically monitor the activities of loan originators or loan servicers to verify compliance.

- (c) Prior to funding any loan the department shall review and approve the loan origination fees and any other fees proposed to be charged by the loan originator or loan servicer. The department may pay such fees to loan originators or loan servicers as provided in the origination and servicing agreement. Such fees shall not exceed the prevailing rate charged by the industry for comparable loans.

NOTE: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2 and 50786, Health and Safety Code.

8026. Blanket and Individual Loan Origination

- (a) Low-income residents who apply for individual loans or the benefit of blanket loans shall use forms and follow instructions approved by the department. Such applications shall include, but not be limited to, the following:
 - (1) evidence of eligibility for an individual loan or the benefit of a blanket loan;
 - (2) information on the income, debts and credit worthiness of the applicant;
 - (3) authorization to investigate and verify the information provided by the applicant;
 - (4) authorization for the loan originator, local public entity and department to share information in order to make decisions concerning action on the application; and
 - (5) a certification that the information provided by the applicant is true and accurate.
- (b) Applications for individual assistance under blanket loans shall consist of separate applications from individual residents who will benefit from the blanket loan.

NOTE: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406 and 50786, Health and Safety Code.

8028. Disbursement of Loan Funds

- (a) The department shall disburse funds pursuant to the terms and conditions specified in the transaction documents with the department.
 - (1) The department shall condition the disbursement of funds on the execution and recordation of those documents necessary to secure its financial and statutory interests, which may include, but are not limited to: promissory notes, deeds of trust, or regulatory agreements.

- (2) The department may disburse funds directly to parties other than to signatories to the standard agreement if payments to those parties are specified in the standard agreement.
 - (3) The department may disburse funds prior to the borrower satisfying all of the conditions of Section 50786(d) of the Code if the funds will be held by a local public entity, mortgage lender or escrow company until conditions are met.
 - (4) Advance payments not exceeding 25 percent of the loan amount may be made if the department determines they are necessary to complete the project and if the state's interest and security are met.
- (b) The department shall establish presale requirements for each project which must be met prior to the closing for a blanket or individual loans. The presale requirements may include additional requirements such as a higher, minimum percentage of sales if needed to protect the security of program loans. Where program loan funds are being used to purchase individual ownership interests, the minimum percentage of 67 percent (67%) of occupied spaces may be increased to 67 percent (67%) of all spaces in the park. Sales, for the purpose of calculating this percentage, shall include previously consummated sales, sales to be financed with program loans that are ready to close, and sales with other financing that will be consummated simultaneously with the closing of the program loans.
- (c) The department may fund blanket loans and individual loans in escrow from the repayment of conversion loans for the project. The department may provide partial releases from the deed of trust and the regulatory agreement as individual loans are funded and recorded.

NOTE: Authority cited: Sections 50406(n) and 50786 Health and Safety Code. Reference: Sections 50406, 50406.5 and 50786, Health and Safety Code.

8030. Monitoring and Reporting

- (a) The department shall, directly or through a third party, monitor the activities of borrowers and the progress of projects for the following purposes:
- (1) to verify compliance with the terms and conditions of contracts and agreements;
 - (2) to ensure the success of the project; and
 - (3) to protect the security of program loans.
- (b) The department shall require borrowers to provide periodic reports using a department-approved format which will provide the information necessary to fulfill the requirements of Section 50787 6 of the Code and all other requirements of the program.

NOTE: Authority cited: Sections 50406(n) and 50786, Health and Safety Code. Reference: Sections 50406, and 50786, Health and Safety Code.

8032. Defaults, Workouts and Foreclosures

- a) In the event of a breach or violation by the borrower of any of the provisions of the standard agreement, the regulatory agreement, the promissory note, or the deed of trust, or any other agreement pertaining or securing the MPROP loan, the department may give written notice to the borrower to cure the breach or violation within a period of not less than 30 days. If the breach or violation is not cured to the satisfaction of the department within the specified time period, the department, at its option, may declare a default under the relevant documents and may seek legal remedies for the default including the following:
 - (1) The department may accelerate all amounts, including outstanding principal and interest, due under the loan and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the department may proceed with a foreclosure in accordance with the provisions of the deed of trust and state law regarding foreclosures.
 - (2) The department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to operate the park in accordance with program requirements.
 - (3) The department may seek such other remedies as may be available under the relevant agreement or any law.
- b) In the event that the breach or violation involves charging rent or other charges in excess of those permitted under the regulatory agreement, the department may demand the return or compensation of such excess rents or other charges to the affected households. In any action to enforce the provisions of the regulatory agreement, the department may seek as additional remedy, the repayment of such overcharges.
- c) Loan commitments may be cancelled by the department under any of the following conditions:
 - (1) the objectives and requirements of the program cannot be met;
 - (2) implementation cannot proceed in a timely fashion in accordance with the approved plans and schedules;
 - (3) special conditions have not been fulfilled within required time periods;
 - (4) the conversion has not commenced or been completed within three years of the date of loan approval;
 - (5) there has been a material change in the principals or management of the sponsor or project, which was not approved by the department.

Upon receipt of a notice of intent to cancel the loan from the department, the borrower shall have the right to appeal to the Director.

- d) The department may use amounts available in the fund for the purpose of curing, or avoiding, defaults on the terms of any loan or other obligation which jeopardize the fiscal integrity of the park or the integrity of any individual interest in a park. Such defaults include defaults or impending defaults in payments on mortgages, failures to pay taxes, or failures to maintain insurance or required operating reserves. The payment or advance of funds by the department pursuant to this subdivision shall be solely within the discretion of the department. All funds so advanced shall be part of and added to the loan and, upon demand, due and payable to the department.

Where it becomes necessary to use the fund for the purpose of assisting a project to avoid threatened defaults or foreclosures, the department shall take those actions necessary, including but not limited to, foreclosure or forced sale of the project property, to prevent similar occurrences and insure compliance with the terms of the applicable agreements.

NOTE: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Section 50406, Health and Safety Code